

A RESOLUTION AUTHORIZING THE REFUND OF PROPERTY TAXES

Reference is made to the schedule of "Taxpayers and Refunds Requested" attached to the Docket for consideration of the City Council. On the basis of that schedule, which is incorporated herein, the following facts are found:

1. The City-County Tax Collector has collected property taxes from the taxpayers set out on the list attached to the Docket.
2. The City-County Tax Collector has certified that those taxpayers have made proper demand in writing for refund of the amounts set out on the schedule within the required time limits.
3. The amounts listed on the schedule were collected through either a clerical or assessor error.

NOW, THEREFORE, BE RESOLVED by the City Council of the City of Charlotte, North Carolina, in regular session assembled this 23 day of August, 2004 that those taxpayers listed on the schedule of "Taxpayers and Refunds Requested" be refunded in the amounts therein set up and that the schedule and this resolution be spread upon the minutes of this meeting.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 1-2.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

**TAXPAYERS AND REFUNDS REQUESTED
MORE THAN \$100
(Clerical Error)**

<u>Name</u>	<u>Refund Amount</u>
REEL CAROLYN D	\$ 112.56
SRC NORTH INC	114.66
JOHNSON TRUDY	115.50
BYERS JUDITH	115.92
HABITAT FOR HUMANITY	118.02
HABITAT FOR HUMANITY	118.44
LEASING RESOURCES INC	121.38
WHITE HARRY EDWARD	126.00
WHITESIDE HOPPER PROPERTIES,	128.57
IVES SUSAN A	170.94
GARY CASSANDRA	222.60
MILLER RONALD G	270.90
CARLISLE WILMA R	289.38
NGUYEN DIEU VAN	291.90
SINCLAIRE J ROBIN	324.66
OLIVE LAURENCE LEON	333.06
IBM CORPORATION % JIM KOVAC	343.56
HORNE FRANK L & WIFE	657.72
ALEXANDER PLACE INC	1,395.66
ALEXANDER PLACE INC	1,444.38
PINE ISLAND COUNTRY CLUB	1,731.95
CHARTOWN	1,767.36
GRAY PROPERTY FOURTEEN HUNDRED	1,813.14
SRC NORTH INC	2,351.16
BNP REALTY LLC	2,740.92
BLACKWELL COLISEUM HOTEL	3,911.46
SRC NORTH INC	4,042.50
SRC NORTH INC	4,081.14
AIMCO WOODFIELD LLC	4,212.18
RADIATOR SPECIALTY COMPANY	4,495.68
CRONATRON WELDING SYSTEMS INC	4,955.58
FOREST LAWN CO	8,881.32
SUMMIT GRANDVIEW LLC	17,734.61
SIEMENS REAL ESTATE	25,515.00
SIEMENS WESTINGHOUSE POWER	47,240.26
Total Refunds	<u>\$ 142,290.07</u>

RESOLUTION DECLARING AN INTENT TO ABANDON AND CLOSE three 10-foot alleyways bounded by Randall Street, Firth Court and Fulton Avenue in the City of Charlotte, Mecklenburg County, North Carolina

Whereas, Robert T. Drakeford has filed a petition to close **three 10-foot alleyways bounded by Randall Street, Firth Court and Fulton Avenue** in the City of Charlotte; and

Whereas, the three alleyways to be closed lie within the Plaza Midwood Community, alleyway #1 beginning from Randall Street continuing approximately 190 feet south to its terminus at alleyway #2, Alleyway #2 beginning from the southern end of alleyway #1 continuing approximately 150 feet eastwardly to its terminus at the southern end of alleyway #3, and Alleyway #3 beginning from the east side of alleyway #2 continuing approximately 200 feet north to its terminus at Randall Street all shown on the map marked "Exhibit A" and is more particularly described by metes and bounds in a document marked "Exhibit B" both of which are available for inspection in the office of the City Clerk, City Hall, Charlotte, North Carolina.

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


Now, therefore, be it resolved, by the City Council of the City of Charlotte, at it's regularly scheduled session of August 23, 2004 that it intends to close three 10-foot alleyways bounded by Randall Street, Firth Court and Fulton Avenue that the said street (or portion thereof) being more particularly described on a map and calls a public hearing on the question to be held at 7:00pm on Monday, the 27th day of September, 2004 in CMGC meeting chamber, 600 East 4th Street Charlotte North Carolina.

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 3.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

**RESOLUTION DECLARING AN INTENT TO ABANDON AND CLOSE
Vanderburg Street and a portion of a 10-foot alleyway in the City of Charlotte,
Mecklenburg County, North Carolina**

Whereas, Charlotte Mecklenburg Board of Education has filed a petition to close **Vanderburg Street and a portion of a 10-foot alleyway** in the City of Charlotte; and

Whereas, Vanderburg Street and a portion of a 10-foot alleyway to be closed lies within the First Ward Community, Vanderburg Street beginning at the intersection of East 10th Street continuing approximately 360 feet northeastwardly to its terminus at a 10-foot alleyway. The 10-foot alleyway to be closed lies beginning at the intersection of Vanderburg Street continuing approximately 151 feet to its terminus both as shown on the map marked "Exhibit A" and is more particularly described by metes and bounds in a document marked "Exhibit B" both of which are available for inspection in the office of the City Clerk, City Hall, Charlotte, North Carolina.

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

Now, therefore, be it resolved, by the City Council of the City of Charlotte, at it's regularly scheduled session of August 23, 2004 that it intends to close Vanderburg Street and a portion of a 10-foot alleyway and that the said street (or portion thereof) being more particularly described on a map and calls a public hearing on the question to be held at 7:00pm on Monday, the 27th day of September, 2004 in CMGC meeting chamber, 600 East 4th Street Charlotte North Carolina.

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 4.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

RESOLUTION DECLARING AN INTENT TO ABANDON AND CLOSE a residual portion of right-of-way on Park Road in the City of Charlotte, Mecklenburg County, North Carolina

Whereas, **The Armenian Church of Charlotte** has filed a petition to close a **residual portion of right-of-way on Park Road** in the City of Charlotte; and

Whereas, the portion of the residual right-of-way on Park Road to be closed lies within the Spring Valley Community beginning at the intersection of Spring Valley Road and Park Road continuing approximately 220 feet north to its terminus approximately 82 feet from the intersection of Frederick Drive and Park Road as shown in the map marked "Exhibit A" and is more particularly described by metes and bounds in a document marked "Exhibit B" both of which are available for inspection in the office of the City Clerk, City Hall, Charlotte, North Carolina.

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

Now, therefore, be it resolved, by the City Council of the City of Charlotte, at its regularly scheduled session of August 23, 2004 that it intends to close a portion of residual right-of-way on Park Road and that the said street (or portion thereof) being more particularly described on a map and calls a public hearing on the question to be held at 7:00pm on Monday, the 27th day of September, 2004 in CMGC meeting chamber, 600 East 4th Street Charlotte North Carolina.

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 5.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

A RESOLUTION AMENDING REPORT OF PLANS FOR
SERVICES FOR BROOKSHIRE WEST AREA

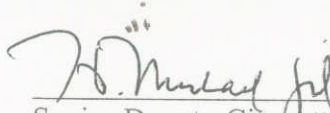
BE IT RESOLVED by the City Council of the City of Charlotte, North
Carolina:

Section 1. That the following pages are deleted from the report of plans for
services for the Brookshire West Area, as originally approved by the City Council on
July 26, 2004: title page, 5, 6, 9, 29, 35, 36, 37 and 38.

Section 2. That the pages attached hereto and incorporated herein are
substituted in lieu of the pages deleted from said report in Section 1 above.

Adopted this the 23rd day of August, 2004.

Approved as to form:



Senior Deputy City Attorney

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that
the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of
Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference
having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 6.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of
August, 2004.



Brenda R. Freeze, CMC, City Clerk

A RESOLUTION AMENDING REPORT OF PLANS FOR
SERVICES FOR MALLARD CREEK CHURCH EAST AREA

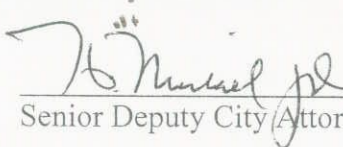
BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina:

Section 1. That the following pages are deleted from the report of plans for services for the Mallard Creek Church East Area, as originally approved by the City Council on July 26, 2004: title page, 6, 9, 36, 37 and 38.

Section 2. That the pages attached hereto and incorporated herein are substituted in lieu of the pages deleted from said report in Section 1 above.

Adopted this the 23rd day of August, 2004.

Approved as to form:


Senior Deputy City Attorney

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 7.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

A RESOLUTION AMENDING REPORT OF PLANS FOR
SERVICES FOR STEELE CREEK SOUTH AREA

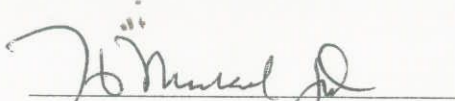
BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina:

Section 1. That the following pages are deleted from the report of plans for services for the Steele Creek South Area, as originally approved by the City Council on July 26, 2004: title page, 5, 6, 9, 29, 35, 36, 37 and 38.

Section 2. That the pages attached hereto and incorporated herein are substituted in lieu of the pages deleted from said report in Section 1 above.

Adopted this the 23rd day of August, 2004.


Approved as to form:


Senior Deputy City Attorney

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 8.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

**RESOLUTION OF THE CITY OF CHARLOTTE, COUNTY OF
MECKLENBURG, REGARDING DESIGNATION OF AN OFFICIAL TO MAKE
RECOMMENDATIONS TO THE NORTH CAROLINA ALCOHOLIC BEVERAGE
CONTROL COMMISSION ON ABC PERMIT APPLICATIONS**

WHEREAS, Chapter 18B of the North Carolina General Statutes is intended to establish a uniform system of control over the sale, purchase, transportation, manufacture, and consumption of alcoholic beverages in North Carolina. Further, Chapter 18B of the North Carolina General Statutes provides procedures to insure the proper administration of ABC laws under a uniform system throughout the State;

WHEREAS, G.S. 18B-904(f) authorizes the governing body of a city to designate an official of the city, by name or position, to make recommendations concerning the suitability of a person or location for an ABC permit. An official so designated shall be allowed to testify at a contested case hearing in which the suitability of a person or location for an ABC permit is an issue without further qualification or authorization;

WHEREAS, the City of Charlotte, County of Mecklenburg, wishes to notify the North Carolina Alcoholic Beverage Control Commission of its designation as required by G.S. 18B-904(f);

THEREFORE, BE IT RESOLVED THAT, the Deputy Chief of Investigative Services for the Charlotte-Mecklenburg Police Department, is hereby designated as the official to notify the North Carolina Alcoholic Beverage Control Commission of the recommendations of the City of Charlotte, County of Mecklenburg, regarding the suitability of a person or location for an ABC permit within its jurisdiction.

THEREFORE, BE IT FURTHER RESOLVED THAT notices to the City of Charlotte, County of Mecklenburg should be mailed or delivered to the official designated above at the following address:

Mailing Address &
Office Location:

Deputy Chief of Investigative Services
Charlotte-Mecklenburg Police Department
601 East Trade Street
Charlotte, N.C. 28202-2889

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 9-10.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

ACTION A

RESOLUTION

EXTRACT FROM THE MINUTES OF A regular _____
MEETING OF THE Charlotte City Council _____
HELD ON August 23, 2004 _____

The following resolution was introduced by Mitchell,
seconded by Carter, read in full, considered
and adopted.

RESOLUTION AUTHORIZING, ADOPTING, APPROVING, ACCEPTING AND
RATIFYING THE EXECUTION OF THE GRANT AGREEMENTS FOR PROJECT
NUMBERS 3-37-0012-51 BETWEEN THE UNITED STATES OF
AMERICA AND THE CITY OF CHARLOTTE, NORTH CAROLINA

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

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

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 11-12.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

ACTION C

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHARLOTTE
AUTHORIZING ITS AVIATION DIRECTOR TO ACCEPT FEDERAL AVA
ADMINISTRATION (FAA) GRANTS

EXTRACT FROM THE MINUTES OF A _____ regular
MEETING OF THE _____ Charlotte City Council
HELD ON _____ August 23, 2004

The following resolution was introduced by
_____ Mitchell _____, seconded by _____ Carter _____,
read in full, considered and adopted.

WHEREAS, the City of Charlotte expects to be offered FAA grants through the Airport Improvement Program; and

WHEREAS, these FAA grants can be offered and must be accepted during a specific time limit which may not meet City Council's meeting schedule; and

WHEREAS, the Charlotte City Council must approve and authorize any appropriation and expenditure of these FAA grant funds; and

WHEREAS, the Charlotte City Councils desires to authorize the City's Aviation Director to accept FAA grants on behalf of the City.

NOW, THEREFORE, be it resolved by the City Council of the City of Charlotte, in regular session duly assembled, as follows:

Pursuant to N.C.G.S. 160A-12, the City's Aviation Director is hereby authorized to accept on behalf of the City of Charlotte FAA grants.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 13-14.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

CITY OF CHARLOTTE, NORTH CAROLINA

SECOND SUPPLEMENTAL BOND ORDER

ADOPTED AUGUST 23, 2004

SECOND SUPPLEMENTAL BOND ORDER AMENDING AND SUPPLEMENTING CERTAIN PROVISIONS OF THE BOND ORDER ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON NOVEMBER 18, 1985, AS AMENDED BY THE FIRST SUPPLEMENTAL BOND ORDER ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON JUNE 8, 1992

SECOND SUPPLEMENTAL BOND ORDER AMENDING AND SUPPLEMENTING CERTAIN PROVISIONS OF THE BOND ORDER ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON NOVEMBER 18, 1985, AS AMENDED BY THE FIRST SUPPLEMENTAL BOND ORDER ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON JUNE 8, 1992

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

WHEREAS, the City is authorized by The State and Local Government Revenue Bond Act, General Statutes of North Carolina, Section 159-80 *et seq.* (the "Act") to issue, subject to the approval of the Local Government Commission of North Carolina (the "LGC"), at one time or from time to time, revenue bonds and revenue refunding bonds of the City for the purposes as specified in the Act; and

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

WHEREAS, the City has previously issued under the terms of the Bond Order and appropriate series resolutions its Airport Revenue Bonds, Series 1993A (the "1993 Bonds"), its Airport Revenue Bonds, Series 1997A (the "1997 Bonds"), and its Airport Revenue Bonds, Series 1999A, Airport Revenue Bonds Series 1999B, Taxable Airport Revenue Bonds, Series 1999C and its Variable Rate Demand Airport Revenue Bonds, Series 1999D (collectively, the "1999 Bonds", and, together with the 1993 Bonds and 1997 Bonds, the "Prior Bonds"), for certain specified Airport purposes.

NOW, THEREFORE, BE IT ORDERED by the City Council of the City of Charlotte, North Carolina, as follows:

Section 1. Section 101 of the Bond Order is hereby amended by adding the following terms to read as follows:

"FAA" means the Federal Aviation Administration or any successor organization or entity succeeding to the Federal Aviation Administration's principal functions.

"PFC" or "PFCs" means passenger facility fees authorized under 49 U.S.C. §40117, or any predecessor or successor law, and approved by the FAA from time to time, or such other similar charge or fee imposed by the City on passengers enplaned at the Airport.

"PFC Eligible Bonds" means those Bonds, issued under this Bond Order and identified as such in a Series Resolution or in a certificate of the Finance Director, (1) the proceeds of which are used for PFC Eligible Projects, and (2) the payment of principal of, premium, if any, and interest on which may be made from PFC Revenues.

"PFC Eligible Projects" means those improvements or projects at the Airport designated as an "eligible airport-related project" by the FAA.

"PFC Revenues" means revenues collected by the City from the imposition of PFCs.

“*PFC Revenue Account*” means the account created and designated as the Charlotte/Douglas International Airport PFC Revenue Account by Section 501 of this Bond Order.

Section 2. Section 101 of the Bond Order, as amended by the First Supplemental Bond Order, is further amended by modifying the definition of “*Revenues*” by (A) deleting the word “and” at the end of clause (11), (B) deleting the period at the end of clause (12) and inserting in lieu thereof “; and”, and (C) adding the following at the end of the list of exclusion from Revenues:

“(13) PFC Revenues.”

Section 3. Section 501 of the Bond Order is hereby amended by:

(1) (A) deleting the word “and” at the end of clause (h), (B) deleting the period at the end of clause (i) and inserting in lieu thereof “; and”, and (C) adding the following at the end of the list of funds and accounts established:

“(j) Charlotte/Douglas International Airport PFC Revenue Account.”

(2) adding the phrase “the PFC Revenue Account,” after the term “The Revenue Fund,” in the second sentence of the second paragraph of such section.

Section 4. Section 502 of the Bond Order is hereby amended by:

(1) deleting the title of Section 502 in its entirety and replacing it with the following:

“Section 502. Revenues and PFC Revenues Received by the City.”

(2) adding the following sentence to such section which shall read as follows:

“The City shall deposit all PFC Revenues when received in the PFC Revenue Account.”

Section 5. The introductory paragraph and paragraphs (c) and (d) of Section 503 of the Bond Order are hereby amended by replacing them with the following introductory paragraph and paragraphs (c) and (d):

Moneys in the Rebate Account shall be applied as provided in the Series Resolutions. On or before the 25th day of each month, except as provided in paragraphs (e), (f) and (h), the City shall withdraw funds on deposit from the Revenue Fund (other than amounts in the Rebate Account) and apply the same in the following manner and order:

(a) – (b) [Unchanged]

(c) beginning in the month provided in the Series Resolutions, the City shall deliver to the Trustee for deposit in the appropriate subaccounts of the Revenue Bond Interest Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, the amounts specified in the Series Resolutions; provided that if there are not sufficient Revenues to satisfy all such deposits, such deposits shall be made pro rata to each subaccount in accordance with the Outstanding aggregate principal amount of each Series;

(d) beginning in the month provided in the Series Resolutions, the City shall deliver to the Trustee for deposit in the appropriate subaccounts of the Revenue Bond Principal Account and the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, the amounts specified in the Series Resolutions; provided that if there are not sufficient Revenues to satisfy all such deposits, such deposits shall be made pro rata to each subaccount in accordance with the Outstanding aggregate principal amount of each Series;

(e) – (i) [Unchanged]

Section 6. Article V of the Bond Order is hereby amended by adding Section 519 as follows:

“Section 519. Application of Money in PFC Revenue Account. The City shall apply moneys in the PFC Revenue Account in the following order of priority: (1) first, by transfer to the Bond Fund, to pay debt service on PFC Eligible Bonds, (2) second, to pay the capital costs of PFC Eligible Projects, and (3) third, as otherwise permitted by federal statute or the regulations promulgated by the FAA, as amended or supplemented, with respect to PFCs.”

Section 7. If any one or more of the agreements or provisions herein contained are held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or for any reason whatsoever are held invalid, then such covenants, agreements or provisions are null and void and deemed separable from the remaining agreements and provisions and in no way affect the validity of any of the other agreements and provisions hereof.

Section 8. All resolutions or parts thereof of the City Council in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

Section 9. This Second Supplemental Bond Order shall take effect immediately, subject to the consent requirements set forth in Section 1102 of the Bond Order, on its adoption and pursuant to §159-88 of the General Statutes of North Carolina, as amended, need not be published or subjected to any procedural requirements governing the adoption of ordinances or resolutions by the City Council other than the procedures set out in the Act.

ACKNOWLEDGMENT OF SECOND SUPPLEMENTAL BOND ORDER AMENDING AND SUPPLEMENTING
CERTAIN PROVISIONS OF THE BOND ORDER ADOPTED BY THE CITY COUNCIL OF THE CITY OF
CHARLOTTE, NORTH CAROLINA ON NOVEMBER 18, 1985, AS AMENDED BY THE FIRST
SUPPLEMENTAL BOND ORDER ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE,
NORTH CAROLINA ON JUNE 8, 1992

WACHOVIA BANK, NATIONAL ASSOCIATION, trustee (in such capacity, the "Trustee") under that certain Bond Order adopted by the City Council of the City of Charlotte, North Carolina (the "City Council") on November 18, 1985, as amended by the First Supplemental Bond Order adopted by the City Council on June 8, 1992 (collectively, the "Bond Order"), hereby acknowledges the adoption by the City Council of the City of Charlotte, North Carolina on August 23, 2004 of a Second Supplemental Bond Order, supplementing and amending certain provisions of the Bond Order, which Second Supplemental Bond Order is in the form attached as Exhibit A hereto.

IN WITNESS WHEREOF, the Trustee has caused this instrument to be executed by its duly authorized officers, as of the ___ day of August, 2004.

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee

James Long
Assistant Vice President

**CONSENT TO SECOND SUPPLEMENTAL BOND ORDER
AMENDING AND SUPPLEMENTING CERTAIN PROVISIONS OF THE BOND ORDER
ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA
ON NOVEMBER 18, 1985, AS AMENDED BY THE FIRST SUPPLEMENTAL BOND ORDER
ADOPTED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON JUNE 8, 1992**

MBIA INSURANCE CORPORATION, is the bond insurer (the "Insurer") as described in the Series Resolution adopted by the City of Charlotte (the "City") on October 11, 1999 (the "1999 Series Resolution"), and the Amended and Restated Series Resolution adopted by the City on November 8, 1999 (the "1999D Series Resolution" and, together with the 1999 Series Resolution, the "Series Resolution"). Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Bond Order adopted by the City Council of the City of Charlotte, North Carolina on November 18, 1985, as amended by the First Supplemental Bond Order adopted by the City Council of the City of Charlotte, North Carolina on June 8, 1992 (collectively, the "Bond Order"), and as further proposed to be amended by the Second Supplemental Bond Order adopted by the City Council of the City of Charlotte, North Carolina on August 23, 2004 (the "Second Supplemental Bond Order"). Pursuant to Section 7.06 of the 1999 Resolution and Section 9.06 of the 1999D Resolution, the Insurer is deemed the sole owner of the 1999 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 1999 Bonds are entitled to take under the Bond Order or the Series Resolution.

Section 1102 of the Bond Order requires the consent of the Owners of not less than 51% in aggregate principal amount of the Bonds then Outstanding that will be affected by a proposed supplemental order, to such approval or adoption of such order. The 1999 Bonds represent more than 51% in aggregate principal amount of the Bonds now Outstanding. Therefore, the Insurer, as sole owner of the 1999 Bonds as deemed under the Series Resolution, hereby unconditionally and irrevocably consents to the adoption by the City of the Second Supplemental Bond Order, which Second Supplemental Bond Order is in the form attached as Exhibit A hereto, and to the amendments contained therein.

IN WITNESS WHEREOF, the Insurer has caused this instrument to be executed by its duly authorized officers, as of the ___ day of August, 2004.

MBIA INSURANCE CORPORATION,
as Insurer

Name:
Title:

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 15-20.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

**RESOLUTION PASSED BY THE CITY COUNCIL
OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON AUGUST 23, 2004**

A motion was made by Mitchell and seconded by
Carter for the adoption of the following Resolution, and upon being put
to a vote was duly adopted:

WHEREAS, The City plans to install a new traffic signal at the intersection of NC 49 and Choate
Circle as part of an earlier agreement. The new signal will include steel strain poles and video
detection; and,

WHEREAS, The North Carolina Department of Transportation (NCDOT) will be reimbursing the City
fifty percent of actual costs, up to \$2,144,925; and,

WHEREAS, The format and cost sharing philosophy with NCDOT is consistent with past municipal
agreements.

NOW, THEREFORE, BE IT RESOLVED that the Municipal Agreement between the North Carolina
Department of Transportation and the City of Charlotte Department of Transportation, is hereby
formally approved by the City Council of the City of Charlotte and the Director of Transportation and
Clerk of this Municipality are hereby empowered to sign and execute the Agreement with the
Department of Transportation.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that
the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of
Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference
having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 21.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of
August, 2004.


Brenda R. Freeze, CMC, City Clerk

**RESOLUTION PASSED BY THE CITY COUNCIL
OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON AUGUST 23, 2004**

A motion was made by Mitchell and seconded by
 Carter for the adoption of the following Resolution, and upon being put
to a vote was duly adopted:

WHEREAS, The City plans to design and install video detection and loop replacement on NC 51
(Pineville-Matthews Road) in Charlotte; and,

WHEREAS, The North Carolina Department of Transportation (NCDOT) will be reimbursing the City
fifty percent of actual costs, up to \$160,000; and,

WHEREAS, The format and cost sharing philosophy with NCDOT is consistent with past municipal
agreements.

NOW, THEREFORE, BE IT RESOLVED that the Municipal Agreement between the North Carolina
Department of Transportation and the City of Charlotte Department of Transportation, is hereby
formally approved by the City Council of the City of Charlotte and the Director of Transportation and
Clerk of this Municipality are hereby empowered to sign and execute the Agreement with the
Department of Transportation.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that
the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of
Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference
having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 22.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of
August, 2004.


Brenda R. Freeze, CMC, City Clerk

**RESOLUTION PASSED BY THE CITY COUNCIL
OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON AUGUST 23, 2004**

A motion was made by Mitchell and seconded by
Carter for the adoption of the following Resolution, and upon being put
to a vote was duly adopted:

WHEREAS, The City plans to design and install video detection and loop replacement on US 74
(Wilkinson Boulevard) in Charlotte; and,

WHEREAS, The North Carolina Department of Transportation (NCDOT) will be reimbursing the City
fifty percent of actual costs, up to \$115,000; and,

WHEREAS, The format and cost sharing philosophy with NCDOT is consistent with past municipal
agreements.

NOW, THEREFORE, BE IT RESOLVED that the Municipal Agreement between the North Carolina
Department of Transportation and the City of Charlotte Department of Transportation, is hereby
formally approved by the City Council of the City of Charlotte and the Director of Transportation and
Clerk of this Municipality are hereby empowered to sign and execute the Agreement with the
Department of Transportation.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that
the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of
Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference
having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 23.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of
August, 2004.


Brenda R. Freeze, CMC, City Clerk

**RESOLUTION PASSED BY THE CITY COUNCIL
OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON AUGUST 23, 2004**

A motion was made by Mitchell and seconded by Carter for the adoption of the following Resolution, and upon being put to a vote was duly adopted:

WHEREAS, the Municipality has requested enhancement funding for the construction of certain improvements at the intersection of I-85 Service Road and Sugar Creek Road, Mecklenburg County, North Carolina, to include a right-turn lane from Eastbound I-85 Service Road to Southbound Sugar Creek Road; and,

WHEREAS, the Department of Transportation has programmed funding in the 2002-2008 Transportation Improvement Program, as revised, for said intersection improvements under Project C-4406, Mecklenburg County; and,

WHEREAS, the Municipality proposes to enter into an Agreement with the North Carolina Department of Transportation for said intersection improvements as described in said Agreement; and,

WHEREAS, under the proposed Agreement and subject to the Agreement provisions, the Department shall reimburse the Municipality to the extent of eighty percent (80%) of the approved eligible costs up to the maximum federal amount of \$560,000; and,

WHEREAS, the Municipality shall provide at least twenty percent (20%) matching funds and all costs that exceed the federal amount of \$560,000.

NOW, THEREFORE, BE IT RESOLVED that the Municipal Agreement between the North Carolina Department of Transportation and the City of Charlotte Department of Transportation, is hereby formally approved by the City Council of the City of Charlotte and the Director of Transportation and Clerk of this Municipality are hereby empowered to sign and execute the Agreement with the Department of Transportation.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 24.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.

**RESOLUTION PASSED BY THE CITY COUNCIL
OF THE CITY OF CHARLOTTE, NORTH CAROLINA ON AUGUST 23, 2004**

A motion was made by Mitchell and seconded by Carter for the adoption of the following Resolution, and upon being put to a vote was duly adopted:

WHEREAS, the Municipality has requested enhancement funding for the construction of certain improvements at the intersection of Independence Boulevard and Harris Boulevard, Mecklenburg County, North Carolina, to include a right-turn lane from Westbound Independence Boulevard to Northbound Harris Boulevard; and,

WHEREAS, the Department of Transportation has programmed funding in the 2002-2008 Transportation Improvement Program, as revised, for said intersection improvements under Project C-4405, Mecklenburg County; and,

WHEREAS, the Municipality proposes to enter into an Agreement with the North Carolina Department of Transportation for said intersection improvements as described in said Agreement; and,

WHEREAS, under the proposed Agreement and subject to the Agreement provisions, the Department shall reimburse the Municipality to the extent of eighty percent (80%) of the approved eligible costs up to the maximum federal amount of \$560,000; and,

WHEREAS, the Municipality shall provide at least twenty percent (20%) matching funds and all costs that exceed the federal amount of \$560,000.

NOW, THEREFORE, BE IT RESOLVED that the Municipal Agreement between the North Carolina Department of Transportation and the City of Charlotte Department of Transportation, is hereby formally approved by the City Council of the City of Charlotte and the Director of Transportation and Clerk of this Municipality are hereby empowered to sign and execute the Agreement with the Department of Transportation.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 25.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.

CHARLOTTE CITY COUNCIL

Resolution Authorizing Sale of Personal Property by Public and Electronic Auction

Whereas, G.S. 160A-270(b) allows the City Council to sell personal property at electronic and public auction upon adoption of a resolution authorizing the appropriate official to dispose of the property at public and electronic auction;

Whereas, the City Manager has recommended that the property listed on the attached Exhibits A, B and C be sold at public and electronic auctions as surplus property; now therefore,

Be it resolved, by the Charlotte City Council that the City Manager or her designee is authorized to sell by electronic auction beginning August 30, 2004 @ 8:00 a.m. and ending September 7, 2004 @ 4:00 p.m. the surplus property described on Exhibit A, and by public auction on September 18, 2004 @ 10:00 a.m. the surplus property described on Exhibit B; on September 25, 2004 the police unclaimed property (no exhibit required) and on October 27, 2004 the surplus property described on Exhibit C at the City-County Surplus Property facility, 3301 Rotary Drive, Charlotte, North Carolina, as per the terms and conditions as specified in the Auctioneer Services contract approved by this City Council and in accordance with G.S. 160A-270(b). The terms of the sale shall be net cash. The City Manager or her designee is directed to publish at least once and not less than ten days before the date of the auction, a copy of this resolution or a notice summarizing its content as required by North Carolina General Statute 160A-270(b).

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 26.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

ORDER OF COLLECTION

NORTH CAROLINA, MECKLENBURG COUNTY

TO TAX COLLECTOR OF MECKLENBURG COUNTY

GENERAL STATUTE 105-321(b)

You are hereby authorized, empowered, and commanded to collect the taxes set forth in the tax books, filed in the office of the Tax Assessor and the tax receipts herewith delivered to you, in the amounts and from the taxpayers likewise therein set forth, and such taxes are hereby declared to be first lien on all real property of the respective taxpayers in the City of Charlotte and this order shall be a full and sufficient authority to direct, require and enable you to levy on and sell any real and personal property of such taxpayers, for and on account thereof, in accordance with law.



Mayor of Charlotte

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 27-28.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **CDOT STREET MAINTENANCE FACILITY PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **CDOT STREET MAINTENANCE FACILITY PROJECT** and estimated to be approximately **881,654 square feet (20.240 acre) of fee-simple** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel Nos. 039-101-01; 039-101-08; 039-101-09; 039-211-12 and 039-211-14, said property currently owned by **BASF CORPORATION; CHRIST COVENANT PRESBYTERIAN CHURCH, Easement holder, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 29.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **MCALPINE CREEK RELIEF SEWER PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **MCALPINE CREEK RELIEF SEWER PROJECT** and estimated to be approximately **22,109 square feet (.508 acre) for permanent easement and temporary construction easement**, and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 193-091-08, said property currently owned by **9101 MONROE, LLC; and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 30.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **ADDISON/DEVERON STORM DRAINAGE IMPROVEMENTS PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **ADDISON/DEVERON STORM DRAINAGE IMPROVEMENTS PROJECT** and estimated to be approximately **11,611 square feet (.267 acre) for storm drainage easement and temporary construction easement**, and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 185-142-09, said property currently owned by **BRUCE COHEN and wife, ELIZABETH COHEN; CB SERVICES CORPORATION, Trustee; RBC CENTURA BANK, Beneficiary, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:


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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 31.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **HICKORY GROVE ROAD WIDENING PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **HICKORY GROVE ROAD WIDENING PROJECT** and estimated to be approximately **7,693 square feet (.177 acre) for fee-simple, utility easement, and temporary construction easement**, and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 109-011-13, said property currently owned by **DKS PROPERTIES, LLC, TRSTE, INC., Trustee; FIRST UNION NATIONAL BANK (n/k/a Wachovia), Beneficiary; NORWEST BANK MINNESOTA, Assignee; ECKERDS, Possible Leaseholder and Tenant in Possession; and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 32.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **SMALLWOOD/ELEANORE HEIGHTS NEIGHBORHOOD IMPROVEMENTS PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **SMALLWOOD/ELEANORE HEIGHTS NEIGHBORHOOD IMPROVEMENTS PROJECT** and estimated to be **40 square feet (.001 acre) for sidewalk and utility easement**, and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No.069-051-13, said property currently owned by **COUNTRYWIDE HOME LOANS, INC.; TRUSTEE SERVICES OF CAROLINA, LLC, Substitute Trustee; MERS, INC. (a/k/a Mortgage Electronic Registration Systems, Inc.), and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 33.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **PARK SOUTH DRIVE SIDEWALK PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **PARK SOUTH DRIVE SIDEWALK PROJECT** and estimated to be **1,836 square feet (.042 acre) for storm drainage easement and temporary construction easement**, and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 179-041-32, said property currently owned by **FRANK B. AYCOCK III and wife, HELEN P. AYCOCK; JOHN J. KEANE, Trustee; FIRST TRUST BANK, Beneficiary; and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 34.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **NC49/US29 INTERCHANGE RECONSTRUCTION PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **NC49/US29 INTERCHANGE RECONSTRUCTION PROJECT** and estimated to be **17,592 square feet (.404 acre) for fee-simple interest, permanent utility easement, permanent storm drainage easement, and temporary construction easement**, and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 049-241-01, said property currently owned by **CLUBVIEW APARTMENTS, INCORPORATED; W. J. KELLAM, Trustee; NEAL G. HELMS, Agent, Beneficiary, and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 35.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **SILVER STREAM/WINDYRUSH AREA CIP PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **SILVER STREAM/WINDYRUSH AREA CIP PROJECT** and estimated to be approximately **3,708 square feet (.085 acre) of storm drainage easement and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 211-541-06, said property currently owned by **ABBAS MAROOFI and spouse, if any; and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:


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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 36.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

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

WHEREAS, the City Council of the City of Charlotte finds as a fact that it is necessary to acquire certain property as indicated below for the **ANDOVER ROAD STORM DRAINAGE IMPROVEMENTS PROJECT**; and

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

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

PROPERTY DESCRIPTION:

Amount necessary for the **ANDOVER ROAD STORM DRAINAGE IMPROVEMENTS PROJECT** and estimated to be approximately **2,095 square feet (.048 acre) of permanent storm drainage easement and temporary construction easement** and any additional property or interest as the City may determine to complete the Project, as it relates to Tax Parcel No. 181-072-42, said property currently owned by **BILLIE T. REID and spouse, if any; PRLAP, INC., Trustee; BANK OF AMERICA, N. A., Beneficiary; and Any Other Parties in Interest**, or the owners' successor-in-interest.

ESTIMATED JUST COMPENSATION:

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

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

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Page 37.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

Extract of Minutes of a regular meeting of the City Council of the City of Charlotte, North Carolina held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004.

* * *

A regular meeting of the City Council of the City of Charlotte, North Carolina (the "City Council") was held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004 (the "Meeting"), after proper notice, and was called to order by the Mayor, and upon the roll being called, the following members of the City Council answered present: Mayor McCroroy, Councilmembers Burgess, Cannon, Carter, Graham, Kinsey, Lassiter, Mitchell, Mumford, Tabor, and Turner

The following members of the City Council were absent: Councilmember Lochman

Also present: City Manager Syfert, City Attorney McCarley, and Assistant City Clerk Merritt

* * * * *

The City Clerk reported to the City Council that the bond orders entitled, "**BOND ORDER AUTHORIZING THE ISSUANCE OF \$101,800,000 OF GENERAL OBLIGATION PUBLIC IMPROVEMENTS BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA,**" "**BOND ORDER AUTHORIZING THE ISSUANCE OF \$15,000,000 OF GENERAL OBLIGATION HOUSING BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA,**" and "**BOND ORDER AUTHORIZING THE ISSUANCE OF \$13,800,000 OF GENERAL OBLIGATION NEIGHBORHOOD IMPROVEMENTS BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA,**" which were introduced at a meeting of the City Council on July 26, 2004, were published on August 5, 2004, with notice that the City Council would hold a public hearing thereon on August 23, 2004 at 7:00 p.m. The City Clerk also reported that there had been filed in her office a statement of debt complying with provisions of the Local Government Bond Act, and such statement as filed showed the net indebtedness of the City to be 1.89 % of the assessed valuation of property in said City subject to taxation.

At 07:00 o'clock p.m., the Mayor announced that the City Council would hear anyone who wished to be heard on the questions of validity of the General Obligation Public Improvements Bond Order and the advisability of issuing the General Obligation Public Improvements Bonds.

After the City Council had heard all persons who requested to be heard in connection with the foregoing questions, Council Member Burgess moved that the public hearing be closed. The motion was seconded by Council Member Cannon and was unanimously adopted.

At 07:00 o'clock p.m., the Mayor announced that the City Council would hear anyone who wished to be heard on the questions of validity of the General Obligation Housing Bond Order and the advisability of issuing the General Obligation Housing Bonds.

After the City Council had heard all persons who requested to be heard in connection with the foregoing questions, Council Member Burgess moved that the public hearing be closed. The motion was seconded by Council Member Cannon and was unanimously adopted.

At 7:00 o'clock p.m., the Mayor announced that the City Council would hear anyone who wished to be heard on the questions of validity of the General Obligation Neighborhood Improvements Bond Order and the advisability of issuing the General Obligation Neighborhood Improvements Bonds.

After the City Council had heard all persons who requested to be heard in connection with the foregoing questions, Council Member Burgess moved that the public hearing be closed. The motion was seconded by Council Member Cannon and was unanimously adopted.

Council Member Burgess moved that the City Council adopt without change or amendment and direct the City Clerk to publish notices of adoption, as prescribed by The Local Government Bond Act, of the bond orders entitled, "**BOND ORDER AUTHORIZING THE ISSUANCE OF \$101,800,000 OF GENERAL OBLIGATION PUBLIC IMPROVEMENTS BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA,**" "**BOND ORDER AUTHORIZING THE ISSUANCE OF \$15,000,000 OF GENERAL OBLIGATION HOUSING BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA,**" and "**BOND ORDER AUTHORIZING THE ISSUANCE OF \$13,800,000 OF GENERAL OBLIGATION NEIGHBORHOOD IMPROVEMENTS BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA,**" as introduced at the meeting of the City Council held on July 26, 2004.

The motion was seconded by Council Member Cannon and was adopted by the following vote:

Unanimous

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 38-40.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

Extract of Minutes of a regular meeting of the City Council of the City of Charlotte, North Carolina held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004.

* * *

A regular meeting of the City Council of the City of Charlotte, North Carolina (the "*City Council*") was held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004 (the "*Meeting*"), after proper notice, and was called to order by the Mayor, and upon the roll being called, the following members of the City Council answered present: Mayor McCrory, Councilmembers Burgess, Cannon, Carter, Graham, Kinsey, Lassiter, Mitchell, Mumford, Tabor, and Turner

The following members of the City Council were absent: Councilmember Lochman

Also present: City Manager Syfert, City Attorney McCarley, and Assistant City Clerk Merritt

Councilmember Burgess introduced the following resolution (the "*Resolution*"), a summary of which had been provided to each Council member, a copy of which was available with the City Clerk and which was read by title:

RESOLUTION SETTING A SPECIAL BOND REFERENDUM AND DIRECTING THE PUBLICATION OF NOTICE OF A SPECIAL BOND REFERENDUM AND NOTIFICATION OF THE MECKLENBURG COUNTY BOARD OF ELECTIONS

WHEREAS, the City Council of the City of Charlotte, North Carolina has adopted the following bond orders and such bond orders should be submitted to the voters of the City of Charlotte, North Carolina for their approval or disapproval in order to comply with the constitution and laws of North Carolina:

"BOND ORDER AUTHORIZING THE ISSUANCE OF \$101,800,000 GENERAL OBLIGATION PUBLIC IMPROVEMENTS BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA;"

"BOND ORDER AUTHORIZING THE ISSUANCE OF \$15,000,000 GENERAL OBLIGATION HOUSING BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA;" and

"BOND ORDER AUTHORIZING THE ISSUANCE OF \$13,800,000 GENERAL OBLIGATION NEIGHBORHOOD IMPROVEMENTS BONDS OF THE CITY OF CHARLOTTE, NORTH CAROLINA;"

NOW, THEREFORE, be it resolved by the City Council (the "*City Council*") of the City of Charlotte, North Carolina, as follows:

- (1) For the purpose of determining the question whether the qualified voters of the City of Charlotte, North Carolina shall approve or disapprove (a) the indebtedness to be incurred by the issuance of the General Obligation Public Improvements Bonds of the City authorized by said bond order, which indebtedness shall be secured by a pledge of the City's full faith and credit and (b) the levy of a tax for the

August 23, 2004

Resolution Book 39, Page 42

payment thereof, said bond order shall be submitted to the qualified voters of said City at a special bond referendum to be held in said City on November 2, 2004.

(2) For the purpose of determining the question whether the qualified voters of the City of Charlotte, North Carolina shall approve or disapprove (a) the indebtedness to be incurred by the issuance of the General Obligation Housing Bonds of the City authorized by said bond order, which indebtedness shall be secured by a pledge of the City's full faith and credit and (b) the levy of a tax for the payment thereof, said bond order shall be submitted to the qualified voters of said City at a special bond referendum to be held in said City on November 2, 2004.

(3) For the purpose of determining the question whether the qualified voters of the City of Charlotte, North Carolina shall approve or disapprove (a) the indebtedness to be incurred by the issuance of the General Obligation Neighborhood Improvements Bonds of the City authorized by said bond order, which indebtedness shall be secured by a pledge of the City's full faith and credit and (b) the levy of a tax for the payment thereof, said bond order shall be submitted to the qualified voters of said City at a special bond referendum to be held in said City on November 2, 2004.

(4) The City Clerk is hereby authorized and directed to publish a notice of said referendum which shall be in substantially the form entitled "**CITY OF CHARLOTTE, NORTH CAROLINA NOTICE OF SPECIAL BOND REFERENDUM,**" attached hereto. Said notice of referendum shall be published at least twice. The first publication shall be not less than 14 days, and the second publication shall be not less than 7 days before the last day on which voters may register for the special bond referendum.

(5) The Mecklenburg County Board of Elections is hereby requested to print and distribute the necessary ballots and to provide the equipment for the holding of said referendum and to conduct and to supervise said referendum.

(6) The ballots to be used at said referendum shall contain the following words:

"*SHALL* the order authorizing \$101,800,000 of bonds secured by the pledge of the full faith and credit of the City of Charlotte, North Carolina to provide funds to pay the capital costs of constructing, reconstructing, enlarging, extending and improving certain streets, including streets and roads constituting a part of the State highway system or otherwise the responsibility of the State and including the cost of related studies, streetscape and pedestrian improvements, relocation of utilities, plans and design; acquiring, constructing, reconstructing, widening, extending, paving, resurfacing, grading or improving streets, roads, intersections and parking lots; acquiring, constructing, reconstructing or improving sidewalks, curbs, gutters, drains, bridges, overpasses, underpasses and grade crossings and providing related landscaping, lighting and traffic controls, signals and markers; and the acquisition of land and rights-of-way in land required therefor, and a tax to be levied for the payment thereof be approved?";

with squares labeled "**YES**" and "**NO**" beneath or beside such words in which squares the voter may record his or her choice on the question presented; and

"*SHALL* the order authorizing \$15,000,000 of bonds secured by the pledge of the full faith and credit of the City of Charlotte, North Carolina to provide funds to pay the capital costs of acquiring, constructing,

developing, equipping and furnishing housing projects for the benefit of persons of low income, or moderate income, or low and moderate income, including without limitation loans, grants, interest supplements and other programs of financial assistance to persons of low income, or moderate income, or low and moderate income, and developers of housing for persons of low income, or moderate income, or low and moderate income, and construction of infrastructure improvements related thereto and the acquisition of land and rights-of-way required therefore, and a tax to be levied for the payment thereof be approved?";

with squares labeled "YES" and "NO" beneath or beside such words in which squares the voter may record his or her choice on the question presented; and

"SHALL the order authorizing \$13,800,000 of bonds secured by the pledge of the full faith and credit of the City of Charlotte, North Carolina to provide funds to pay the capital costs of infrastructure improvements in various neighborhoods of the City, including the cost of related studies, plans and design; acquiring, constructing, reconstructing, improving, installing or providing curbs, gutters, storm drainage and sidewalks; paving, resurfacing, grading or improving streets, roads and intersections; and providing related landscaping and lighting and acquiring any necessary equipment, land, interests in land and rights-of-way therefore, and a tax to be levied for the payment thereof be approved?";

with squares labeled "YES" and "NO" beneath or beside such words in which squares the voter may record his or her choice on the question presented;

(6) The City Clerk shall mail or deliver a certified copy of this resolution to the Mecklenburg County Board of Elections within three days after this resolution is adopted.

BE IT FURTHER RESOLVED that this Resolution shall become effective on the date of its adoption.

Upon motion of Councilmember Burgess, seconded by Councilmember Cannon, the foregoing resolution entitled: "**RESOLUTION SETTING A SPECIAL BOND REFERENDUM AND DIRECTING THE PUBLICATION OF NOTICE OF A SPECIAL BOND REFERENDUM AND NOTIFICATION OF THE MECKLENBURG COUNTY BOARD OF ELECTIONS**" was adopted by the following vote: Unanimous

PASSED, ADOPTED AND APPROVED this 23rd day of August, 2004.

STATE OF NORTH CAROLINA)
)
CITY OF CHARLOTTE) SS:

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution entitled, "Resolution Setting a Special Bond Referendum and Directing the Publication of Notice of a Special Bond Referendum and Notification of the Mecklenburg County Board of Elections", adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 41-44.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

EXTRACTS FROM MINUTES OF THE CITY COUNCIL

A Regular Meeting of the City Council of the City of Charlotte, North Carolina was held on August 23, 2004, at 7:00 p.m. in the Meeting Chamber, Charlotte-Mecklenburg Government Center, 600 East Fourth Street, Charlotte, North Carolina, Mayor Pat McCrory presiding and the following members of the City Council were present and absent:

The following members were present: Mayor McCrory, Councilmembers Burgess, Cannon, Carter, Graham, Kinsey, Lassiter, Mitchell, Mumford, Tabor, and Turner

The following members were absent: Councilmember Lochman

□ □ □ □ □ □

The City Clerk reported that the notice of public hearing was published on or prior to August 9, 2004 in the *Charlotte Observer*, a newspaper of general circulation in City of Charlotte, North Carolina, with notice that the City Council would hold a public hearing on the subject identified therein on August 23, 2004 at 7:00 o'clock p.m.

Councilmember Tabor moved that the City Council hold a public hearing for the purpose of approving in an aggregate principal amount of \$215,000,000 Airport Revenue Bonds in several series (the "Bonds") for the purpose of providing funds, together with other available funds, to finance all or a portion of the cost of (1) the acquisition, rehabilitation, renovation, expansion and construction of certain improvements to the Charlotte/Douglas International Airport (the "Airport"), consisting of the (a) construction of new roadways, a new taxiway and a deicing facility, (b) rehabilitation and renovation of current runways and taxiways, improvements to the terminal and Concourses A, B, C, and D, (c) expansion of Concourse E through the addition of up to 24 gates and other improvements, (d) construction of a new public parking deck, rental car service and maintenance facility, (e) expansion of the current employee parking facilities and the Airport's fuel farm, (f) expansion of the international arrivals area, (g) construction of additional public surface parking, and (2) the continuation of the noise abatement program, (3) engineering related to the construction of a new runway and other improvements at the Airport consistent with the Airport's mission (the "Project"), (4) providing a reserve fund for the Bonds and (5) paying a portion of the costs of issuing the Bonds. The motion was seconded by and was unanimously adopted.

At 07:00 p.m., the Mayor declared the public hearing to be open on the proposed issuance of the Bonds and the nature and location of the Project.

The Mayor then inquired whether any person had forwarded written comments to the City regarding the proposed issuance of the Bonds and the nature and location of the Project after the publication of the public hearing notice. The City Clerk reported that no written comments had been received.

The Mayor then announced that the City Council would hear anyone who wished to be heard on the questions regarding the proposed issuance of the Bonds and the nature and location of the Project.

No one appeared, either in person or by attorney, to be heard on such matter.

Councilmember Tabor moved that the public hearing be closed. The motion was seconded by Councilmember Graham and was unanimously adopted.

The Mayor then declared that the public hearing on the foregoing questions was closed.

STATE OF NORTH CAROLINA)
)
COUNTY OF MECKLENBURG) ss:

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, *DO HEREBY CERTIFY*, as follows:

1. A regular meeting of the City Council of the City of Charlotte, North Carolina, a municipal corporation duly organized and validly existing under the Constitution and laws of the State of North Carolina, was duly held on Monday, August 23, 2004, proper notice of said meeting having been given as required by North Carolina statute, and the minutes of said meeting have been duly recorded in the Minute Book kept by me in accordance with law for the purpose of recording the minutes of said City Council.

2. I have compared the attached extract with said minutes so recorded and said extract is a true copy of said minutes and of the whole thereof insofar as said minutes relate to matters referred to in said extract.

3. Said minutes correctly state the time when said meeting was convened and the place where such meeting was held and the members of said Board who attended said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand and have hereunto affixed the seal of the City of Charlotte, North Carolina, this 23 day of August, 2004.

[SEAL]

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, *DO HEREBY CERTIFY* that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 45-47.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 23rd day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

Extract of Minutes of a regular meeting of the City Council of the City of Charlotte, North Carolina held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004.

* * *

A regular meeting of the City Council of the City of Charlotte, North Carolina (the "*City Council*") was held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004 (the "*Meeting*"), after proper notice, and was called to order by the Mayor, and upon the roll being called, the following members of the City Council answered present: Mayor McCrory, Councilmembers Burgess, Cannon, Carter, Graham, Kinsey, Lassiter, Mitchell, Mumford, Tabor, and Turner

The following members of the City Council were absent: Councilmember Lochman

Also present: City Manager Syfert, City Attorney McCarley, and Assistant City Clerk Merritt

Councilmember Burgess introduced the following resolution (the "*Resolution*"), a summary of which had been provided to each Council member, a copy of which was available with the City Clerk and which was read by title:

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF VARIABLE RATE DEMAND AIRPORT REVENUE BONDS OF THE CITY OF CHARLOTTE (THE "*2004D BONDS*"); THE PRIVATE SALE OF THE 2004D BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS.

August 23, 2004

Resolution Book 39, Page 49

On motion of Councilmember Burgess, seconded by Councilmember Mitchell, the foregoing resolution entitled "A SERIES RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF VARIABLE RATE DEMAND AIRPORT REVENUE BONDS OF THE CITY OF CHARLOTTE (THE "2004D BONDS"); THE PRIVATE SALE OF THE 2004D BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS" was duly adopted by the following vote:

STATE OF NORTH CAROLINA)
)
CITY OF CHARLOTTE) SS:

The undersigned City Clerk of the City of Charlotte, North Carolina (the "City"), a municipal corporation, validly organized and existing under the Constitution and laws of the State of North Carolina, hereby certifies that the foregoing is a true, correct and complete copy of a resolution adopted by a majority of the City Council of the City present and voting at a meeting duly called and held on August 23, 2004, in accordance with law, and that such resolution has not been repealed, revoked, rescinded or amended but is in full force and effect on the date hereof.

WITNESS the following signature and seal of the City, this 23rd day of August, 2004.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 48-151.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF VARIABLE RATE DEMAND AIRPORT REVENUE BONDS OF THE CITY OF CHARLOTTE (THE "2004D BONDS"); THE PRIVATE SALE OF THE 2004D BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS.

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

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

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

WHEREAS, the City Council has determined that the City will (1) acquire and construct certain improvements to the Airport, consisting of the (a) construction of new roadways, a new taxiway and a deicing facility, (b) rehabilitation and renovation of current runways and taxiways, (c) continuation of the noise abatement program, (d) improvements to the terminal and Concourses A, B, C, and D, (e) expansion of Concourse E through the addition of up to 24 gates and other improvements, (f) construction of a new public parking deck, rental car service and maintenance facility, (g) expansion of the current employee parking facilities and the Airport's fuel farm, (h) expansion of the international arrivals area, (i) construction of additional public surface parking and other improvements at the Airport consistent with the Airport's mission, (2) pay certain costs associated with engineering related to the construction of a new runway (the "*2004 Improvements*"), and (3) pay the cost of issuance of the 2004D Bonds (as hereinafter defined); and

WHEREAS, in order to obtain a portion of the funds to acquire, construct and equip the 2004 Improvements, the City has determined to approve the transactions described herein whereby the City will authorize and approve (1) the issuance of, among other things, a series of its airport revenue bonds to be known as "*City of Charlotte, North Carolina Variable Rate Demand Airport Revenue Bonds, Series 2004D*" (the "*2004D Bonds*") in an aggregate principal amount not to exceed \$18,000,000, and (2) a Purchase Contract among the Local Government Commission, the City and Citigroup Global Markets Inc., as Representative of the underwriters named therein, providing for the sale of the 2004D Bonds authorized hereunder; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina that the City Council has determined to adopt, in accordance with Section 208 of the Bond Order, this Series Resolution authorizing the issuance of the 2004D Bonds, as follows:

CITY OF CHARLOTTE, NORTH CAROLINA

SERIES RESOLUTION

Adopted August 23, 2004

Authorizing and Securing

*City of Charlotte, North Carolina,
Variable Rate Demand Airport Revenue Bonds, Series 2004D*

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ARTICLE I.

Definitions

Section 1.01 *Meaning of Words and Terms.* Unless otherwise required by the context or except as set forth in this Series Resolution, words and terms used in this Series Resolution which are defined in the Bond Order have the meanings assigned to them in the Bond Order.

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

“*AA* Composite Commercial Paper Rate” means, as of any date of determination, the interest equivalent of the 30-day rate on financial commercial paper placed on behalf of issuers whose corporate bonds are rated “AA” by S&P, or the equivalent of such rating by S&P or another nationally recognized statistical rating organization, as such 30-day rate is made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination. If, however, the Federal Reserve Bank of New York does not make available any such rate, then “AA” Composite Commercial Paper Rate shall mean the arithmetic average of the interest equivalent of the 30-day rate on commercial paper placed on behalf of such issuers, as quoted to the Auction Agent on a discount basis or otherwise, by the Commercial Paper Dealers, as of the close of business on the Business Day immediately preceding such date of determination. If any Commercial Paper Dealer does not quote a commercial paper rate required to determine the “AA” Composite Commercial Paper Rate, the “AA” Composite Commercial Paper Rate shall be determined on the basis of the quotation or quotations furnished by the remaining Commercial Paper Dealer or Commercial Paper Dealers. For purposes of this definition, the “interest equivalent” of a rate stated on a discount basis (a “discount rate”) for commercial paper of a given day’s maturity shall be equal to the product of (i) 100 multiplied by (ii) the quotient (rounded upward to the next higher one thousandth (.001) of 1%) of (x) the discount rate (expressed in decimals) divided by (y) the difference between (1) 1.00 and (2) a fraction, the numerator of which shall be the product of the discount rate (expressed in decimals) multiplied by the number of days from (and including) the date of determination to (but excluding) the date on which such commercial paper matures and the denominator of which shall be 360.

“*Act of Bankruptcy*” means the filing of a petition in bankruptcy (or other commencement of a bankruptcy or similar proceeding) by or against the City under any applicable bankruptcy, insolvency, reorganization or similar law, now or hereafter in effect.

“*All-Hold Rate*” means, on any date of determination, the interest rate per annum equal to 55% (as such percentage may be adjusted under Section 7 of Exhibit C hereto) of the One Month LIBOR Rate on such date; *provided, however*, that in no event shall the All-Hold Rate exceed the Maximum Auction Interest Rate.

“*Alternate Credit Facility*” means a bond insurance policy, surety bond, an irrevocable letter of credit or other instrument from a financial institution or insurance company delivered to the Trustee under Section 502 to replace the Policy or Alternate Credit Facility then in effect, which provides security for the payment of the principal of and interest on the 2004D Bonds when due.

"Alternate Liquidity Facility" means an irrevocable letter of credit, a municipal bond insurance policy, a surety bond, line or lines of credit, standby purchase agreement or other similar agreement or agreements or any other agreement or agreements used to provide liquidity support for all or any portion of the 2004D Bonds that replaces the obligation of the Liquidity Facility then in effect, which so long as the Policy is in effect and has not been dishonored by the Insurer, is issued in a form and by a provider acceptable to the Insurer and containing the administrative provisions reasonably satisfactory to the Trustee, issued and delivered to the Trustee in accordance with Section 501.

"Applicable Auction Rate" means the rate per annum at which interest accrues on the Auction Rate Bonds for any Auction Interest Period; *provided, however*, that in no event shall the Applicable Auction Rate exceed the Maximum Auction Interest Rate.

"Auction" means the implementation of the Auction Procedures on an Auction Date.

"Auction Agent" means the auctioneer appointed in accordance with the provisions of this Series Resolution.

"Auction Agent Agreement" means an agreement between the Trustee and the Auction Agent under which the Auction Agent agrees to follow the Auction Procedures with respect to the Auction Rate Bonds, as such agreement may from time to time be amended with the consent of the Insurer.

"Auction Agent Fee" has the meaning set forth in the Auction Agent Agreement.

"Auction Date" means the Business Day immediately preceding the first day of each Auction Interest Period, other than:

- (1) each Auction Interest Period commencing after the ownership of the Auction Rate Bonds is no longer maintained in a Book-Entry System by the Securities Depository;
- (2) each Auction Interest Period commencing after the occurrence and during the continuance of an Event of Default described in Sections 802(a) or (b) of the Bond Order; or
- (3) any Auction Interest Period commencing less than two Business Days after the cure or waiver of an Event of Default described in Sections 802(a) or (b) of the Bond Order.

The Auction Date determined as provided in this definition may be adjusted as provided in Section 12 of Exhibit C hereto.

"Auction Interest Period" means (1) with respect to the Auction Rate Bonds in a seven day period, any of (A) a period, generally of seven days, beginning on and including a Monday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Sunday) and ending on and including the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of seven days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Monday) and ending on and including the Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (C) a period, generally of seven days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Tuesday) and ending on and including the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is

followed by a Business Day), (D) a period, generally of seven days, beginning on and including a Thursday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Wednesday) and ending on and including the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) or (E) a period, generally of seven days, beginning on and including a Friday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Thursday) and ending on and including the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day) and (2) with respect to the Auction Rate Bonds in a 35-day period, any of (A) a period, generally of 35 days, beginning on and including a Monday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Sunday) and ending on and including the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day), (B) a period, generally of 35 days, beginning on and including a Tuesday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Monday) and ending on and including the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (C) a period, generally of 35 days, beginning on and including a Wednesday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Tuesday) and ending on and including the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day), (D) a period, generally of 35 days, beginning on and including a Thursday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Wednesday) and ending on and including the fifth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case ending on and including the next succeeding day followed by a Business Day) or (E) a period, generally of 35 days, beginning on and including a Friday (or the day following the last day of the prior Auction Interest Period if the prior Auction Interest Period does not end on a Thursday) and ending on and including the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case ending on and including the next succeeding day which is followed by a Business Day); *provided, however*, that the initial Auction Interest Period with respect to the 2004D Bonds shall begin on and include the Closing Date, and that in the event of a Conversion of the 2004D Bonds from another Interest Rate Period to an Auction Rate Period the initial Auction Interest Period following such Conversion shall begin on and include the Conversion Date.

"Auction Interest Period Adjustment" means an adjustment to the length of an Auction Interest Period (and the related period between Interest Payment Dates) implemented by the City and the Market Agent under Section 12 of Exhibit C hereto.

"Auction Procedures" has the meaning specified in any Auction Agent Agreement.

"Auction Rate" means, with respect to the interest rate on the Auction Rate Bonds, the rate of interest per annum that results from the implementation of the Auction Procedures, and determined as described in the Auction Procedures; *provided, however*, that the Auction Rate shall not exceed the Maximum Auction Interest Rate.

"Auction Rate Bonds" means any 2004D Bonds bearing interest at an Auction Rate.

"Auction Rate Period" means the period during which Auction Rates are in effect.

"Authenticating Agent" means initially either the Trustee and thereafter any other or additional entity appointed by the City or the Trustee to act as an authenticating agent or co-authenticating agent for the 2004D Bonds.

"Authorized Denominations" means (a) with respect to any Long-Term Interest Rate Period, \$5,000 and any integral multiple thereof; (b) with respect to any Short-Term Interest Rate Period, Daily Interest Rate Period or Weekly Interest Rate Period, \$100,000 and any integral multiple of \$5,000 in excess of \$100,000; and (c) with respect to any Auction Rate Period, unless the LGC consents in writing to different denominations, \$25,000 and any integral multiple thereof.

"Available Moneys" means (1) moneys which have been paid to the Trustee or the Paying Agent by the City and have been on deposit with the Trustee or the Paying Agent for at least 124 days (or, if paid to the Trustee or the Paying Agent by an "affiliate," as defined in Bankruptcy Code §101(2), of the City, 366 days) during and prior to which no Event of Bankruptcy has occurred, (2) any other moneys, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion is acceptable to each Rating Agency then rating the 2004D Bonds and the Insurer), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (3) investment earnings on any of the moneys described in clauses (1) and (2) of this definition.

"Beneficial Owner" means a holder of the beneficial ownership interests described in Section 2.11(c).

"Bid" has the meaning specified in the Auction Procedures.

"BMA 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 Bond Market Association ("*BMA*") or any person acting in cooperation with or under the sponsorship of BMA and acceptable to the Market Agent with respect to the Auction Rate Bonds or to the Remarketing Agent with respect to 2004D Bonds that bear interest at the Daily Interest Rate or Weekly Interest Rate, and effective from such date.

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

"Bond Interest Term" means, with respect to any 2004D Bond, each period established in accordance with Section 2.06(e) during which such 2004D Bond bears interest at a Bond Interest Term Rate.

"Bond Interest Term Rate" means, with respect to each 2004D Bond, a term, non-variable interest rate on such 2004D Bond established periodically in accordance with Section 2.06(e).

"Bond Purchase Fund" means the trust fund by that name established under Section 6.01.

"Bond Registrar" means, initially, the Trustee, and any successor Bond Registrar appointed pursuant to Section 2.12 of this Series Resolution.

"Broker-Dealer" means any broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures which (1) is a Participant (or an affiliate of a

Participant), (2) has been appointed as such by the City under Exhibit C hereto, and (3) has entered into a Broker-Dealer Agreement that is in effect on the date of reference.

"Broker-Dealer Agreement" means an agreement between the Auction Agent and a Broker-Dealer under which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented with the consent of the Insurer.

"Business Day" means any day other than (1) a Saturday, a Sunday or any other day on which banks located in the cities in which the Principal Offices of the Trustee and the Paying Agent and the principal offices of the Trustee, the Paying Agent, the Remarketing Agent, the Auction Agent, each Broker-Dealer, the Market Agent, the City or the Liquidity Provider are located, or in which the office of the Liquidity Provider from which payments are made under the Liquidity Facility is located, are authorized or required to remain closed, or (2) a day on which The New York Stock Exchange is closed.

"Closing" or *"Closing Date"* means the date of delivery of the 2004D Bonds to the initial purchasers thereof in accordance with this Series Resolution.

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

"Commercial Paper Dealer" means any Commercial Paper Dealer appointed as provided in Exhibit C hereto.

"Daily Interest Rate" means a variable interest rate on the 2004D Bonds established in accordance with Section 2.06(a).

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

"Depository" means a securities depository registered with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

"Electronic Means" means telecopy, telegraph, telex, facsimile transmission, e-mail transmission or other similar electronic means of communication, including a telephonic communication confirmed by writing or written transmission.

"Existing Owner" means, with respect to any Auction, a Person who was listed as the Beneficial Owner of Auction Rate Bonds in the Existing Owner Registry at the close of business on the Business Day immediately preceding such Auction.

"Existing Owner Registry" means the registry of Persons who are Beneficial Owners of Auction Rate Bonds, maintained by the Auction Agent as provided in the Auction Agent Agreement.

"Favorable Opinion of Bond Counsel" means an opinion of Bond Counsel, addressed to the City, the Remarketing Agent, the Liquidity Provider, the Insurer, the Auction Agent, the Market Agent, the Trustee and each Broker-Dealer to the effect that the action proposed to be taken is authorized or permitted by the laws of the State and this Series Resolution and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on the 2004D Bonds.

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

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

“*General Account*” means the account of the Bond Purchase Fund of the same name established under Section 6.01.

“*Hold Order*” has the meaning specified in the Auction Procedures.

“*Index*” means, on any date of determination for the Auction Rate Bonds, as determined by the Market Agent, either the BMA Index or the Kenny Index on such date, or if such rate is not available, the Index so determined by the Market Agent for the Auction Rate Bonds, which shall equal the prevailing rate for bonds rated in the highest short-term rating category by Moody’s and S&P in respect of issuers most closely resembling the “*high grade*” component issuers included in the BMA Index or the Kenny Index, as the case may be, that are subject to tender by the holders thereof for purchase on not more than seven days notice and the interest on which is (1) variable on a weekly basis, (2) excludable from gross income for federal income tax purposes under the Code, and (3) not subject to an “alternative minimum tax” or similar tax under the Code, unless all tax-exempt bonds are subject to such tax.

“*Insurer*” means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York, or any successor thereto and any provider of an Alternate Credit Facility unless the context indicates otherwise.

“*Interest Accrual Date*” means for the 2004D Bonds, (1) with respect to any Daily Interest Rate Period, the first day thereof and the first Business Day of each succeeding calendar month during such Daily Interest Rate Period, (2) with respect to any Weekly Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date during such Weekly Interest Rate Period, (3) with respect to any Auction Rate Period, the first day thereof and, thereafter, each Interest Payment Date, other than the last such Interest Payment Date during such Auction Rate Period, (4) with respect to any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date during such Long-Term Interest Rate Period, and (5) with respect to each Bond Interest Term within any Short-Term Interest Rate Period, the first day thereof.

“*Interest Payment Date*” means (a) with respect to any Daily Interest Rate Period, the fifth Business Day of each calendar month, (b) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month or the next succeeding Business Day if the Wednesday is not a Business Day, (c) with respect to any Auction Interest Period within an Auction Rate Period, the Business Day immediately following each Auction Interest Period, (d) with respect to any Long-Term Interest Rate Period, each January 1 and July 1, (e) with respect to any Bond Interest Term within a Short-Term Interest Rate Period, the day next succeeding the last day of such Bond Interest Term, (f) with respect to each Interest Rate Period, the day next succeeding the last day thereof and (g) with respect to Liquidity Provider Bonds, the days on which interest is due under the Liquidity Facility.

“*Interest Rate Period*” means any Daily Interest Rate Period, Weekly Interest Rate Period, Auction Rate Period (comprised of separate Auction Interest Periods), Short-Term Interest Rate Period or Long-Term Interest Rate Period.

"Kenny Index" means the index most recently made available by Kenny S&P Evaluation Services (*"Kenny"*) or any successor thereto (the *"Indexing Agent"*) based on 30-day yield evaluations at par of securities, the interest on which is excluded from gross income for federal income tax purposes under the Code, of not less than five *"Intermediate Grade"* component issuers selected by the Indexing Agent which may include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Indexing Agent in its discretion. The securities on which the Kenny Index is based shall not include any securities the interest on which is subject to a *"minimum tax"* or similar tax under the Code, unless all such securities are subject to such tax. If Kenny no longer publishes an index satisfying the above definition of the Kenny Index or the Market Agent reasonably concludes that the Kenny Index will not be announced in a timely manner, then the Market Agent shall announce a rate based on the same criteria used by Kenny to determine the Kenny Index and the rate announced by the Market Agent for each Auction Date thereafter shall be used in lieu of the Kenny Index for each Auction Date.

"Letter of Representations" means the Blanket Letter of Representations dated as of November 21, 1996 between the City and the Securities Depository and any other letter of representations between the City and a successor Securities Depository appointed pursuant to Section 2.11.

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

"Liquidity Facility" means, initially, the Standby Bond Purchase Agreement dated as of September 1, 2004 between the City and the Liquidity Provider, and all amendments and supplements thereto, or if an Alternate Liquidity Facility is delivered pursuant to Section 5.01, such Alternate Liquidity Facility and all amendments and supplements thereto.

"Liquidity Facility Account" means the account of the Bond Purchase Fund of the same name established under Section 6.01.

"Liquidity Provider" means a commercial bank or other financial institution, initially Bank of America, N.A., as the provider of the Liquidity Facility.

"Liquidity Provider Bonds" means those 2004D Bonds owned or deemed owned by the Liquidity Provider which are purchased pursuant to the Liquidity Facility.

"Liquidity Provider Bond Interest" means that sum due and payable by the City on any Interest Payment Date for Liquidity Provider Bonds which consists of (1) interest on any and all Liquidity Provider Bonds then currently held by the Liquidity Provider at the Liquidity Provider Rate and (2) the Liquidity Provider Bond Interest Rate Differential for the number of days that the Liquidity Provider had held those Liquidity Provider Bonds and not otherwise received the interest on such Liquidity Provider Bonds specified in (1) above.

"Liquidity Provider Bond Payment Date" means (a) as long as the initial Liquidity Facility is in effect, (1) the first Business Day of each month in which Liquidity Provider Bond were outstanding for any period and (2) the date on which a Liquidity Provider Bond is purchased by the City or the Paying Agent pursuant to initial Liquidity Facility or (b) such other dates specified in the Liquidity Facility and agreed to by the Insurer.

"Liquidity Provider Interest Rate Differential" means for any Liquidity Provider Bond for any period the product obtained by multiplying the difference between the interest rate applicable to the

2004D Bonds other than Liquidity Provider Bonds and the Liquidity Provider Rate for such period by the outstanding principal amount of such Liquidity Provider Bond.

"Liquidity Provider Rate" means the rate borne by the Liquidity Provider Bonds, as set forth in the Liquidity Facility.

"Long-Term Interest Rate" means, with respect to each 2004D Bond, a term, non-variable interest rate on such 2004D Bond established in accordance with Section 2.06(d).

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

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

"Market Agent" means any entity that is permitted by law to perform the functions required of a Market Agent described in this Series Resolution, that is a Participant, that has been selected by the City, and that is a party to the Market Agent Agreement, unless and until a Substitute Market Agent Agreement is entered into, after which Market Agent shall mean the Substitute Market Agent.

"Market Agent Agreement" means, with respect to Auction Rate Bonds, an agreement between the Trustee and the Market Agent, under which the Market Agent agrees to follow the procedures described in this Series Resolution until and unless a Substitute Market Agent Agreement is effective, after which Market Agent Agreement shall mean such Substitute Market Agent Agreement, in each case as from time to time amended or supplemented with the consent of the Insurer.

"Maximum Auction Interest Rate" means, on any date of determination, the interest rate per annum equal to the lesser of (1) 15% and (2) the Maximum Rate.

"Maximum Rate" means (1) with respect to the 2004D Bonds that are not Liquidity Provider Bonds, the lesser of 12.00% per annum or the maximum interest rate applicable to the 2004D Bonds permitted by the laws of the State; *provided, however*, during any Auction Interest Period, *"Maximum Rate"* means the lesser of 15.00% per annum or the maximum rate permitted by the laws of the State or (2) with respect to Liquidity Provider Bonds, the lesser of 22.00% per annum or the maximum interest rate permitted by the laws of the State.

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

"1999D Series Resolution" means the Amended and Restated Series Resolution adopted by the City Council of the City on November 8, 1999, and any amendments or supplements thereto.

"Non-Payment Rate" means, on any date of determination, the interest rate per annum equal to the lesser of (1) 15% and (2) the Maximum Auction Interest Rate.

"Notice of Cure of Payment Default" means a notice substantially in the form of Schedule 2 to Exhibit C hereto.

"Notice of Payment Default" means a notice substantially in the form of Schedule 1 to Exhibit C hereto.

"Notice of Percentage Change" means a notice to the Trustee and the Auction Agent substantially in the form provided in the Market Agent Agreement.

"Notice of Proposed Percentage Change" means a notice to the Trustee and the Auction Agent substantially in the form provided in the Market Agent Agreement.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

"Paying Agent" means, initially, the Trustee, and any successor Paying Agent appointed pursuant to Section 2.12 of this Series Resolution.

"Policy" means the financial guaranty insurance policy issued by the Insurer that guarantees when due the principal of and interest on the 2004D Bonds.

"Potential Owner" means, with respect to any Auction, any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in Auction Rate Bonds subject to such Auction in addition to the Auction Rate Bonds, if any, currently owned by such Person.

"Principal Office" means the office identified in Section 10.11, except for any person who has identified a different office as its principal office in writing to the Trustee.

"Purchase Contract" means the Purchase Contract among the LGC, the City and the Purchasers, providing for the initial purchase of the 2004D Bonds.

"Purchase Price" means an amount equal to the aggregate principal amount of 2004D Bonds tendered for purchase plus accrued interest to the purchase date.

"Purchasers" means the investment banking firm of Citigroup Global Markets Inc., as Representative, and any other investment banking firms or underwriters that may be named in accordance with the Purchase Contract.

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

"Rating Agency" means Moody's, S&P or Fitch. Except as otherwise provided herein, if more than one Rating Agency maintains a credit rating with respect to the 2004D Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to each such Rating Agency.

"Record Date" means (a) with respect to any Interest Payment Date in respect of any Daily Interest Rate Period, the last Business Day of the calendar month immediately preceding such Interest Payment Date or, in the case of the last Interest Payment Date in respect of a Daily Interest Rate Period,

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the Business Day immediately preceding such Interest Payment Date, (b) with respect to any Interest Payment Date in respect of any Weekly Interest Rate Period or any Short-Term Interest Rate Period, the Business Day immediately preceding such Interest Payment Date, (c) with respect to each Interest Payment Date for Bonds bearing interest at an Auction Rate, the second Business Day next preceding such Interest Payment Date, and (d) with respect to any Interest Payment Date in respect of any Long-Term Interest Rate Period, the 15th day of the month immediately preceding such Interest Payment Date (whether or not a Business Day) or, if an Interest Payment Date shall occur less than 15 days after the first day of a Long-Term Interest Rate Period, such first day.

"Redemption Date" means the date on which 2004D Bonds are to be called for redemption under this Series Resolution.

"Redemption Price" means, with respect to any 2004D Bond, the principal amount thereof plus the applicable premium, if any, payable on redemption thereof plus accrued interest to the Redemption Date.

"Remarketing Agent" means the Remarketing Agent appointed in accordance with Section 3.07, initially Citigroup Global Markets Inc.

"Remarketing Agreement" means the Remarketing Agreement dated as of September 1, 2004, between the Remarketing Agent and the City, as amended or supplemented from time to time, or any remarketing agreement entered into with a successor Remarketing Agent.

"Remarketing Proceeds" means proceeds of the remarketing of 2004D Bonds tendered or deemed tendered for purchase pursuant to Section 3.01 other than to the City.

"Reserve Requirement" means the lesser of (1) 10% of the original principal amount of the 2004D Bonds, (2) the maximum amount required to pay principal of and interest on the 2004D Bonds for any current or succeeding Fiscal Year, (3) 125% of the average annual principal and interest requirements on the 2004D Bonds or (4) such other amount prescribed by the Code. For purposes of calculating the principal and interest requirements on the 2004D Bonds, the 2004D Bonds shall be treated as though they bear interest at the 30-year Revenue Bond Index as published by The Bond Buyer on the date of issuance of the 2004D Bonds plus 0.50%.

"Securities Depository" means The Depository Trust Company, New York, New York, or its successor or assigns or any substitute depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the register maintained by the Bond Registrar the 2004D Bond certificates to be delivered to and immobilized at such Securities Depository (or as otherwise provided in Section 2.11) during continuation with such Securities Depository of participation in its book-entry system.

"Sell Order" has the meaning specified in the Auction Procedures.

"Series 2004D Subaccount of the Revenue Bond Interest Account" means the subaccount created and so designated by Section 6.01.

"Series 2004D Subaccount of the Revenue Bond Principal Account" means the subaccount created and so designated by Section 6.01.

"Series 2004D Subaccount of the Revenue Bond Redemption Account" means the subaccount created and so designated by Section 6.01.

"Series 2004D Subaccount of the Revenue Bond Reserve Account" means the subaccount created and so designated by Section 6.01.

"Series 2004D Subaccount of the Revenue Bond Sinking Fund Account" means the subaccount created and so designated by Section 6.01.

"Series Resolution" means this Series Resolution adopted by the City Council of the City on August 23, 2004, and any amendments or supplements thereto.

"Short-Term Interest Rate Period" means each period, consisting of Bond Interest Terms, during which the 2004D Bonds bear interest at one or more Bond Interest Term Rates.

"Sinking Fund Requirement" means the principal amount of the 2004D Bonds to be retired by mandatory redemption pursuant to Section 4.02 of this Series Resolution as specified by the Finance Director in his certificate delivered under Section 2.03(4) of this Series Resolution. If during any 12-month period ending June 30 the total principal amount of the 2004D Bonds retired by purchase or redemption under the provisions of this Series Resolution is greater than the amount of the Sinking Fund Requirement for the 2004D Bonds, the next succeeding Sinking Fund Requirements for the 2004D Bonds will be reduced in such amount aggregating the amount of such excess.

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

"Submitted Hold Orders" has the meaning specified in the Auction Procedures.

"Substitute Auction Agent" means the Person with whom the Trustee enters into a Substitute Auction Agent Agreement.

"Substitute Auction Agent Agreement" means an auction agent agreement acceptable to the Insurer containing terms substantially similar to the terms of the initial Auction Agent Agreement, whereby a Person having the qualifications required by Exhibit C hereto agrees with the Trustee to perform the duties of the Auction Agent herein.

"Substitute Market Agent" means the Person with whom the Trustee enters into a Substitute Market Agent Agreement.

"Substitute Market Agent Agreement" means a market agent agreement acceptable to the Insurer containing terms substantially similar to the terms of the initial Market Agent Agreement, whereby a Person having the qualifications required by Exhibit C hereto agrees with the Trustee to perform the duties of the Market Agent herein.

"Sufficient Clearing Bids" has the meaning specified in the Auction Procedures.

“*2004D Bonds*” means the not to exceed \$18,000,000 in aggregate principal amount of the City of Charlotte, North Carolina Variable Rate Demand Airport Revenue Bonds, Series 2004D issued under the Bond Order and this Series Resolution.

“*Undelivered Bonds*” means any 2004D Bond so designated in accordance with the provisions of Section 3.01(g).

“*Weekly Interest Rate*” means a variable interest rate on the 2004D Bonds established in accordance with Section 2.06(a).

“*Weekly Interest Rate Period*” means each period during which a Weekly Interest Rate is in effect.

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

Section 1.02 *Parties Interested Herein.* Except as otherwise expressly provided in this Series Resolution, nothing herein expressed or implied is intended or to be construed to confer on or to give to any Person, other than the City, the City Council, the Paying Agent, the Bond Registrar, the Trustee, the Insurer, the Remarketing Agent, the Purchasers and the owners from time to time of the 2004D Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City are for the sole and exclusive benefit of the City, the City Council, the Paying Agent, the Bond Registrar, the Trustee, the Insurer, the Remarketing Agent, the Purchasers and the owners of the 2004D Bonds, except as herein otherwise provided. The Insurer is intended to be a third party beneficiary of the provisions of this Series Resolution.

Section 1.03 *Ratification.* All action heretofore taken (not inconsistent with the provisions of this Series Resolution) by the City directed toward the acquisition, construction and equipping of the 2004 Improvements, toward the sale and delivery of the 2004D Bonds for that purpose, and toward the acceptance and execution of the Purchase Contract submitted by the Purchasers to the City, hereby is ratified, approved and confirmed.

[End of Article I]

ARTICLE II.

AUTHORIZATION, FORM, ISSUANCE, DELIVERY AND REGISTRATION OF 2004D BONDS

Section 2.01 **Authorization of Financing and Authorization of 2004D Bonds.** The financing of the Additional Facilities is hereby authorized. For the purpose of providing funds for the financing of the Cost of the Additional Facilities, funding an account in the Revenue Bond Reserve Account for the 2004D Bonds and the costs of issuing the 2004D Bonds, there is hereby authorized and shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act, the Bond Order and this Series Resolution, the 2004D Bonds of the City in the amounts and subject to the conditions herein provided. No 2004D Bonds may be issued under the provisions of this Series Resolution and the Bond Order except in accordance with this Article. The total principal amount of 2004D Bonds that may be issued is hereby expressly limited to \$18,000,000, except as provided in Sections 204 and 210 of the Bond Order.

Section 2.02 **Issuance of 2004D Bonds.** The 2004D Bonds will be designated "*City of Charlotte, North Carolina Variable Rate Demand Airport Revenue Bonds, Series 2004D.*" The 2004D Bonds will be issuable as fully registered bonds in any Authorized Denomination. The 2004D Bonds will be numbered from RD-1 upwards. The 2004D Bonds will be substantially in the form set forth in Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Series Resolution.

Section 2.03 **Delivery of 2004D Bonds.** Before the delivery by the Trustee of any of the 2004D Bonds, the items required under Section 717 of the Bond Order must be filed with the Trustee. The 2004D Bonds must be in Authorized Denominations and executed substantially in the form and in the manner set forth in the Exhibit to this Series Resolution and will be deposited with the Bond Registrar for authentication, but before the 2004D Bonds may be authenticated and delivered by the Bond Registrar to the Treasurer of the State for redelivery to the Purchasers, there must be filed with the Trustee the following:

1. a copy, certified by the City Clerk, of this Series Resolution;
2. a copy, certified by the Secretary or any Deputy Secretary of the LGC, of the resolution of the LGC approving the issuance of and awarding the 2004D Bonds;
3. a copy, certified by the City Clerk, of the Bond Order;
4. a certificate or certificates of the Finance Director collectively setting forth the following:
 - (A) the aggregate principal amount of 2004D Bonds to be issued, not in excess of the maximum amount previously established in Section 2.01;
 - (B) the initial interest rate for the 2004D Bonds, such interest rate not to be in excess of 10.00%, and the first Interest Payment Date for the 2004D Bonds; the amount of the Reserve Requirement which is required to be deposited to the Series 2004D Subaccount of the Revenue Bond Reserve Account;

(C) the disposition of the proceeds of the 2004D Bonds to the Series 2004D Subaccount of the Revenue Bond Reserve Account, the Series 2004D Construction Account of the Construction Fund and to pay certain expenses incurred in connection with the issuance of the 2004D Bonds;

(D) the designation of the principal amount of the Sinking Fund Requirements for the 2004D Bonds;

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

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

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

8. an opinion of the City Attorney stating that (i) this Series Resolution has been duly and validly adopted by the City, (ii) no provision of the Bond Order or this Series Resolution violates any provision of the Act or results in or constitutes a default under any agreement, indenture or other instrument to which the City is a party or by which the City may be bound, and of which he has knowledge, (iii) the City's adoption of this Series Resolution and execution and issuance of the 2004D Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected, and no taxes are payable in connection therewith, and (iv) the form, terms, execution, issuance and delivery of the 2004D Bonds have been duly and validly authorized by the City, and the 2004D Bonds constitute valid and binding special obligations of the City in accordance with their terms;

9. an executed counterpart of the Policy;

10. an executed counterpart of the Liquidity Facility;

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

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

When the documents mentioned in paragraphs (1) to (12), inclusive, of this Section have been filed with the Trustee and when the 2004D Bonds have been executed and authenticated as required by this Series Resolution, the Trustee shall deliver the 2004D Bonds at one time to the Treasurer of the State of North Carolina for redelivery to or on the order of the Purchasers, but only on payment to the Trustee of the Purchase Price of the 2004D Bonds. The Trustee is entitled to rely on the resolutions and certificates mentioned in paragraphs (1) through (12) of this Section as to all matters stated therein.

Section 2.04 *Details of 2004D Bonds; Payment.*

(a) The 2004D Bonds shall be dated as of their date of original authentication and delivery and shall mature, subject to prior redemption, on July 1, 2034. Interest on the 2004D Bonds shall be computed from the Interest Payment Date next preceding the date of authentication thereof, unless such authentication date (1) is before the first Interest Payment Date following the initial delivery of the 2004D Bonds, in which case interest shall be computed from such initial delivery date, (2) is after a Record Date and before the subsequent Interest Payment Date, in which case interest shall be computed from the subsequent Interest Payment Date, or (3) is an Interest Payment Date, in which case interest shall be computed from such authentication date; provided, that if interest on the 2004D Bonds is in default, 2004D Bonds shall bear interest from the last date to which interest has been paid.

(b) The principal of and redemption or Purchase Price and premium, if any, on the 2004D Bonds shall be payable in such coin or currency of the United States of America as is legal tender for the payment of public and private debts to the Owners at the Principal Office of the Paying Agent in New York, New York on presentation and surrender of the 2004D Bonds, except as set forth in Section 2.06(g) with respect to 2004D Bonds in the Short-Term Interest Rate Period. If necessary while the 2004D Bonds are in the Short-Term Interest Rate Period, the Paying Agent shall transfer the interest payable to each Owner as set forth in Section 2.06(g). Payments of interest on the 2004D Bonds will be mailed on each Interest Payment Date to the persons in whose names the 2004D Bonds are registered on the register of the Bond Registrar at the close of business on the Record Date next preceding each Interest Payment Date; *provided* that (1) any Owner of a 2004D Bond or Bonds bearing interest at a Bond Interest Term Rate or any Owner of a 2004D Bond or Bonds in an aggregate principal amount of not less than \$1,000,000 may, by prior written instructions filed with the Bond Registrar not later than the Record Date next preceding any Interest Payment Date (which instructions shall remain in effect until revoked by subsequent written instructions), instruct that interest payments for any period be made by wire transfer to an account in the continental United States or other means acceptable to the Paying Agent and (2) all payments of principal or Redemption Price of and interest on Liquidity Provider Bonds will be by wire transfer in immediately available funds.

Section 2.05 ***Interest Rate and Interest Payment Provisions.*** Except as provided in Exhibit C hereto with respect to Auction Rate Bonds and as provided in this Section 2.05 with respect to Liquidity Provider Bonds, interest accrued on each 2004D Bond shall be paid on each Interest Payment Date, commencing on the date certified by the Finance Director in the certificate described in Section 2.03(4) and the interest rate on and Interest Rate Period for the 2004D Bonds may be adjusted as set forth in Section 2.06. Except while the 2004D Bonds bear interest at Bond Interest Term Rates, all 2004D Bonds shall bear the same interest rate for the same Interest Rate Period. All Auction Rate Bonds shall be in the same Auction Interest Period.

For any Daily Interest Rate Period, interest on the 2004D Bonds shall be payable on each Interest Payment Date for the period commencing on the prior Interest Accrual Date (or, in the case of the first Interest Payment Date during any Daily Interest Rate Period, the Interest Accrual Date preceding such Interest Payment Date) and ending on the last day of the month in which such Interest Accrual Date occurs or, if sooner, the last day of the Daily Interest Rate Period. For any Weekly Interest Rate Period, interest on the 2004D Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on and including the day immediately preceding the Interest Payment Date (or, if sooner, the last day of the Weekly Interest Rate Period). For any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on the 2004D Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. For any Auction Rate Period, interest on the 2004D Bonds shall be payable as provided in Exhibit C hereto. In

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any event, interest on the 2004D Bonds shall be payable for the final Interest Rate Period to the date on which the 2004D Bonds have been paid in full.

Interest on the 2004D Bonds shall be computed (1) in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, (2) in the case of a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Rate Period, on the basis of a 365 or 366-day year, as appropriate, for the actual number of days elapsed and (3) in the case of an Auction Rate Period, on the basis of a 360-day year for the actual number of days elapsed.

In the manner hereinafter provided, the term of the 2004D Bonds shall be divided into consecutive Interest Rate Periods during each of which the 2004D Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate, Bond Interest Term Rates or a Long-Term Interest Rate; *provided, however*, that at any time, all 2004D Bonds shall bear interest at a Daily Rate, a Weekly Interest Rate, an Auction Rate, a Long-Term Interest Rate or Bond Interest Term Rates. No 2004D Bond shall bear interest at a rate higher than the Maximum Rate. The first Interest Rate Period for the 2004D Bonds shall commence on the Closing Date and shall be a Weekly Interest Rate Period. On or before the Closing Date, the initial Weekly Interest Rate borne by the 2004D Bonds shall be determined in the manner provided in Section 2.06 by the Remarketing Agent.

Notwithstanding anything in this Series Resolution to the contrary, Liquidity Provider Bonds shall bear interest at the Liquidity Provider Rate, and such interest shall accrue and be payable on the dates specified in the Liquidity Facility; *provided, however*, no Liquidity Provider Bond shall bear interest in excess of the Maximum Rate. Liquidity Provider Bonds shall not bear interest at the Liquidity Provider Rate after such 2004D Bonds have been remarketed unless such 2004D Bonds shall again become Liquidity Provider Bonds.

Notwithstanding anything in this Series Resolution to the contrary, if some, but less than all of the 2004D Bonds are Liquidity Provider Bonds, such Liquidity Provider Bonds shall be remarketed at a Purchase Price equal to the principal of such Liquidity Provider Bonds plus accrued interest at the interest rate that would have accrued on such Liquidity Provider Bond if such Liquidity Provider Bond had not been a Liquidity Provider Bond. As soon as practicable, but in any event by no later than 12:15 p.m. on the date any such Liquidity Provider Bond is to be remarketed, the Remarketing Agent shall inform the Paying Agent, the Trustee and the Liquidity Provider by Electronic Means of the principal amount of the Liquidity Provider Bond to be remarketed. Upon receipt of such notice from the Remarketing Agent, the Trustee shall promptly, but not later than 12:45 p.m. on such remarketing date, notify the Liquidity Provider, the Paying Agent and the Remarketing Agent by Electronic Means of the amount of interest that would have accrued on such Liquidity Provider Bond if such Liquidity Provider Bond had not been a Liquidity Provider Bond. Upon receipt of such notices from the Remarketing Agent and the Trustee, the Liquidity Provider shall promptly, but not later than 1:00 p.m. on such remarketing date, notify the Trustee and the City by Electronic Means of the Liquidity Provider Interest Rate Differential. Upon receipt of such notice from the Liquidity Provider, the City shall immediately, and in no event later than 1:15 p.m. on such remarketing date, pay the Liquidity Provider Interest Rate Differential to the Paying Agent in immediately available funds for payment to the Liquidity Provider. Notwithstanding anything in this Series Resolution to the contrary, if all of the 2004D Bonds are Liquidity Provider Bonds, the Liquidity Provider Bonds shall be remarketed at a Purchase Price equal to the principal of such Liquidity Provider Bonds, without accrued interest, and on the remarketing date the City shall pay to the Paying Agent all accrued interest on such Liquidity Provider Bonds at the Liquidity Provider Rate.

Section 2.06 ***Interest Rate Determination Methods.***

(a) ***Daily Interest Rate***

1. **Determination of Daily Interest Rate.** During each Daily Interest Rate Period, the 2004D Bonds (other than Liquidity Provider Bonds) shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent by 9:30 a.m. on each Business Day during such Daily Interest Rate Period. The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2004D Bonds, would enable the Remarketing Agent to sell the 2004D Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. If the Remarketing Agent fails to establish a Daily Interest Rate for any day, then the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding day and such rate shall continue until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate for the 2004D Bonds or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the Remarketing Agent. If the Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, or if the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate applicable to the 2004D Bonds shall be equal to 100% of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* for each Business Day (and for the next preceding Business Day for each day which is not a Business Day) until such Daily Interest Rate is again validly determined by the Remarketing Agent.

2. **Adjustment to Daily Interest Rate.** At any time, the City, by written direction in accordance with Section 2.07 to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds, the Liquidity Provider (if a Liquidity Facility is in effect) and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer, may elect, subject to Sections 2.06(h), 2.07(a), 2.07(b) and 2.07(d), that the 2004D Bonds shall bear interest at a Daily Interest Rate. Such direction of the City shall specify the proposed effective date of such adjustment to a Daily Interest Rate, which shall be (A) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption under Section 4.01(c) if such adjustment did not occur, (C) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds, and (D) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Daily Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period or the maturity date of the 2004D Bonds, the interest rate borne by the 2004D Bonds shall be a Daily Interest Rate.

3. Notice of Adjustment to Daily Interest Rate. The Trustee shall give notice by first-class mail of an adjustment to a Daily Interest Rate Period to the Owners of the 2004D Bonds not less than 30 days prior to the proposed effective date of such Daily Interest Rate Period. Such notice shall state (A) that the interest rate on the 2004D Bonds will be adjusted to a Daily Interest Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the 2004D Bonds, if being adjusted from a Weekly Interest Rate Period or a Short-Term Interest Rate Period, shall continue to bear interest at the Weekly Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if the 2004D Bonds are being adjusted from an Auction Rate Period, shall bear interest at the Maximum Auction Interest Rate for the Auction Interest Period commencing on the proposed adjustment date, or if the 2004D Bonds are being adjusted from a Long-Term Interest Rate Period, the 2004D Bonds shall be adjusted to bear interest at a Weekly Interest Rate, (B) the proposed effective date of such Daily Interest Rate Period, and (C) that the 2004D Bonds shall be subject to mandatory tender for purchase on such proposed effective date and shall set forth the applicable Purchase Price.

(b) Weekly Interest Rate.

1. Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the 2004D Bonds (other than Liquidity Provider Bonds) shall bear interest at a Weekly Interest Rate, which shall be determined by the Remarketing Agent by 4:30 p.m. on Tuesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or prior to the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on and including the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on and including Wednesday and ending on and including the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on the Wednesday preceding the last day of such Weekly Interest Rate Period and ending on and including the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2004D Bonds, would enable the Remarketing Agent to sell the 2004D Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. If the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. If the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or if the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 100% of the BMA Index made available for the week preceding the date of determination, or if the BMA Index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the

Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period.

2. Adjustment to Weekly Interest Rate. At any time, the City, by written direction in accordance with Section 2.07 to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds, the Liquidity Provider (if a Liquidity Facility is in effect) and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer, may elect, subject to Sections 2.06(h), 2.07(a), 2.07(b) and 2.07(d), that the 2004D Bonds shall bear interest at a Weekly Interest Rate. Such direction of the City shall specify the proposed effective date of such adjustment to a Weekly Interest Rate, which shall be (A) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption under Section 4.01(c) if such adjustment did not occur, (C) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds, and (D) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Weekly Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2004D Bonds shall be a Weekly Interest Rate.

3. Notice of Adjustment to Weekly Interest Rate. The Trustee shall give notice by first-class mail of an adjustment to a Weekly Interest Rate Period to the Owners of the 2004D Bonds not less than 30 days prior to the effective date of such Weekly Interest Rate Period. Such notice shall state (A) that the interest rate on the 2004D Bonds will be adjusted to a Weekly Interest Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the 2004D Bonds, if being adjusted from a Daily Interest Rate Period or a Short-Term Interest Period, shall bear interest at the Daily Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if being adjusted from an Auction Rate Period, shall bear interest at the Maximum Auction Interest Rate for the Auction Interest Period commencing on the proposed adjustment date, or if being adjusted from a Long-Term Interest Rate Period, shall be adjusted to bear interest at a Weekly Interest Rate, (B) the proposed effective date of such Weekly Interest Rate Period, and (C) that the 2004D Bonds shall be subject to mandatory tender for purchase on such proposed effective date and shall set forth the applicable Purchase Price.

(c) Auction Rate.

1. Determination of Auction Rate. During each Auction Rate Period, the 2004D Bonds shall bear interest at an Auction Rate determined as provided in Exhibit C hereto.

2. Adjustment to Auction Rate. At any time, the City may, by written direction in accordance with Section 2.07 to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds and the Liquidity Provider (if a Liquidity Facility is in effect), may elect, subject to Sections 2.06(h), 2.07(a), 2.07(b) and 2.07(d), that the 2004D Bonds shall bear interest at an Auction Rate. The direction of the City shall specify (A) the proposed effective date of the adjustment to the Auction Rate, which shall be (i) in each case, a Business Day not earlier than the 30th day following the fifth Business Day after

receipt by the Trustee of such direction, (ii) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption under Section 4.01(c) if such conversion did not occur, and (iii) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, and (B) the initial Auction Interest Period for the 2004D Bonds, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Auction Rate Period for the 2004D Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2004D Bonds shall be the Applicable Auction Rate.

3. Notice of Adjustment to Auction Rate. The Trustee shall give notice by first-class mail of an adjustment to an Auction Rate Period to the Owners of the 2004D Bonds not less than 30 days prior to the proposed effective date of such Auction Rate Period. Such notice shall state (A) that the interest rate shall be adjusted to the Auction Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the 2004D Bonds, if being adjusted from a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Period, shall continue to bear interest at the Daily Interest Rate, the Weekly Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if being adjusted from a Long-Term Interest Rate Period, shall be adjusted to bear interest at a Weekly Interest Rate; (B) the proposed effective date of the Auction Rate Period; (C) that the 2004D Bonds shall be subject to mandatory tender for purchase on the proposed effective date and shall set forth the applicable Purchase Price.

(d) *Long-Term Interest Rate.*

1. Determination of Long-Term Interest Rate. During each Long-Term Interest Rate Period, the 2004D Bonds shall bear interest at the Long-Term Interest Rate. The Long-Term Interest Rate shall be determined by the Remarketing Agent on a Business Day no earlier than two weeks before the effective date of such Long-Term Interest Rate Period and no later than 10:00 a.m. on the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on an examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2004D Bonds, would enable the Remarketing Agent to sell the 2004D Bonds on such effective date at a price (without regard to accrued interest) equal to the principal amount thereof. If, for any reason, the Long-Term Interest Rate is not so determined for any Long-Term Interest Period by the Remarketing Agent on or prior to the first day of such Long-Term Interest Rate Period, then the 2004D Bonds shall bear interest at the Weekly Interest Rate as provided in Section 2.06(b), and shall continue to bear interest at a Weekly Interest Rate determined in accordance with Section 2.06(b) until such time as the interest rate on the 2004D Bonds is adjusted to a Daily Interest Rate, an Auction Rate, a Long-Term Interest Rate or Bond Interest Term Rates as provided herein, and the 2004D Bonds shall be subject to purchase on notice from the Owners thereof as described in Section 3.01(a).

2. Adjustment to or Continuation of Long-Term Interest Rate.

(A) At any time, the City, by written direction in accordance with Section 2.07 to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating

Agency then rating the 2004D Bonds, the Liquidity Provider (if a Liquidity Facility is in effect) and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer, may elect, subject to Sections 2.06(h), 2.07(a), 2.07(b) and 2.07(d), that the 2004D Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate. The direction of the City required by the first sentence of this paragraph (A), (i) shall specify the duration of the Long-Term Interest Rate Period during which the 2004D Bonds shall bear interest at a Long-Term Interest Rate; (ii) shall specify the proposed effective date of such Long-Term Interest Rate Period, which date shall be (aa) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (bb) in the case of an adjustment from a Long-Term Interest Rate Period to another Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption under Section 4.01(c) if such adjustment did not occur, (cc) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds and (dd) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period; (iii) shall specify the proposed last day of such Long-Term Interest Rate Period (which last day shall be either the day immediately prior to the maturity date of the 2004D Bonds, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); and (iv) with respect to any such Long-Term Interest Rate Period, may specify different Redemption Prices, and different Long-Term Rate Periods for which such Redemption Prices are applicable, than those set forth in Section 4.01(c), if approved by Bond Counsel as provided in Section 2.06(d)(2)(B).

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

(C) If, by the fifth Business Day preceding the 30th day prior to the last day of any Long-Term Interest Rate Period, the Trustee shall not have received written notice of the City's election that, during the next succeeding Interest Rate Period, the 2004D Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate, another Long-Term Interest Rate or at Bond Interest Term Rates, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period until such time as the interest rate on the 2004D Bonds shall be adjusted to a Daily Interest Rate, an Auction Rate, a Long-Term Interest Rate or Bond Interest Term Rates as provided in this Section 2.06, and the 2004D Bonds shall be subject to mandatory purchase as provided in Section 3.01(c) on the first day of such Weekly Interest Rate Period.

(D) In the event that the City shall deliver to the Bond Registrar, the Remarketing Agent, the Liquidity Provider and the Trustee on or before the date that the interest rate for any Long-Term Interest Rate Period is determined a notice to the effect that the City elects to rescind its election to have the 2004D Bonds bear interest at a Long-Term Interest Rate, then the interest rate on the 2004D Bonds shall not be adjusted to a Long-Term Interest Rate, and the 2004D Bonds shall bear interest at a Weekly Interest Rate or Bond Interest Term Rates as in effect before such event, or if the 2004D Bonds were to be adjusted from a Long-Term Interest Rate, then the 2004D Bonds shall bear interest at a Weekly Interest Rate for the period commencing on the date which would have been the effective date of such Long-Term Interest Rate Period, and the 2004D Bonds shall continue to be subject to mandatory purchase as provided in Section

3.01(c) on the day which would have been the effective date of such Long-Term Interest Rate Period.

3. Notice of Adjustment to or Continuation of Long-Term Interest Rate. The Trustee shall give notice by first-class mail of an adjustment to a (or the establishment of another) Long-Term Interest Rate Period to the Owners of the 2004D Bonds not less than 30 days prior to the effective date of such Long-Term Interest Rate Period. Such notice shall state: (A) that the interest rate on the 2004D Bonds shall be adjusted to, or continue to be, a Long-Term Interest Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel as to such adjustment in the Interest Rate Period on the effective date of such adjustment, in which case the 2004D Bonds, if being adjusted from a Daily Interest Rate Period, a Weekly Interest Rate Period or a Short-Term Interest Rate Period shall continue to bear interest at a Daily Interest Rate, a Weekly Interest Rate or Bond Interest Term Rates as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if being adjusted from an Auction Rate Period, shall bear interest at the Maximum Auction Interest Rate for the Auction Interest Period commencing on the proposed adjustment date, or if the 2004D Bonds are being adjusted from a Long-Term Interest Rate Period, the 2004D Bonds shall be adjusted to bear interest at a Weekly Interest Rate, (B) the proposed effective date and the proposed last day of such Long-Term Interest Rate Period and (C) that the 2004D Bonds shall be subject to mandatory tender for purchase on such proposed effective date and shall set forth the applicable Purchase Price.

4. Adjustment from Long-Term Interest Rate Period. In addition to an adjustment from a Long-Term Interest Rate Period on the day immediately following the last day of the Long-Term Interest Rate Period, at any time during a Long-Term Interest Rate Period (subject to the provisions set forth in this paragraph (4)), the City may elect, subject to Sections 2.06(h), 2.07(a), 2.07(b) and 2.07(d), that the 2004D Bonds no longer shall bear interest at a Long-Term Interest Rate and shall instead bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate, a new Long-Term Interest Rate or Bond Interest Term Rates, as specified in such election. In the written notice of such election, the City shall also specify the effective date of the new Interest Rate Period, which date shall be (A) a Business Day no earlier than the 30th day after the fifth Business Day following the date of receipt by the Trustee of the notice of election from the City and (B) a day on which the 2004D Bonds shall be subject to optional redemption in accordance with Section 4.01(c). The 2004D Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period thereof in accordance with Section 3.01(c), at a Purchase Price equal to the optional Redemption Price set forth in Section 4.01(c) which would be applicable on that date.

(e) *Bond Interest Term.*

1. Determination of Bond Interest Terms and Bond Interest Term Rates.

(A) During each Short-Term Interest Rate Period, each 2004D Bond shall bear interest during each Bond Interest Term for such 2004D Bond at the Bond Interest Term Rate for such 2004D Bond. The Bond Interest Term and the Bond Interest Term Rate for each 2004D Bond need not be the same for any two 2004D Bonds, even if determined on the same date. Each of such Bond Interest Terms and Bond Interest Term Rates for each 2004D Bond shall be determined by the Remarketing Agent no later than 12:00 noon on the first day of each Bond Interest Term. Except for any 2004D Bond purchased by the Liquidity Provider or the City and remaining unsold by the Remarketing Agent at the close of business on the first day of the Bond Interest Term, each Bond Interest Term shall be for a period of days within the range or ranges

announced as possible Bond Interest Terms no later than 9:00 a.m. on the first day of each Bond Interest Term by the Remarketing Agent. Each Bond Interest Term for each 2004D Bond shall be a period of not less than one day and not more than 180 days, determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all Bonds then Outstanding, will result in the lowest overall interest expense on the 2004D Bonds over the next succeeding 180 days. Any 2004D Bond purchased by the Liquidity Provider or the City and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for that 2004D Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term would not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. Each Bond Interest Term shall end either on a day which immediately precedes a Business Day or on the day immediately preceding the maturity date of the 2004D Bonds. If for any reason a Bond Interest Term for any 2004D Bond cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the last day so determined shall not be a day immediately preceding a Business Day, shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the maturity date of the 2004D Bonds, shall end on the day immediately preceding the maturity date. Notwithstanding anything herein to the contrary, no Bond Interest Term shall extend beyond five days before the expiration of the Liquidity Facility then in effect. In determining the number of days in each Bond Interest Term, the Remarketing Agent shall take into account the following factors: (I) existing short-term tax-exempt market rates and indices of such short-term rates, (II) the existing market supply and demand for short-term tax-exempt securities, (III) existing yield curves for short-term and long-term tax-exempt securities for obligations of credit quality comparable to the 2004D Bonds, (IV) general economic conditions, (V) economic and financial conditions that may affect or be relevant to the 2004D Bonds, (VI) the Bond Interest Terms of other 2004D Bonds and (VII) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

(B) The Bond Interest Term Rate for each Bond Interest Term for each 2004D Bond shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by such 2004D Bond, would enable the Remarketing Agent to sell such 2004D Bond on the date and at the time of such determination at a price equal to the principal amount thereof. If for any reason a Bond Interest Term Rate for any 2004D Bond is not so established by the Remarketing Agent for any Bond Interest Term, or such Bond Interest Term Rate is determined by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term shall be the rate per annum equal to 75% of the interest rate on high grade unsecured commercial paper notes sold through dealers by major corporations as reported by *The Wall Street Journal* on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated.

2. Adjustment to Bond Interest Term Rates. At any time, the City, by written direction in accordance with Section 2.07 to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds, the Liquidity Provider (if

a Liquidity Facility is in effect) and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer, may elect, subject to Sections 2.06(h), 2.07(a), 2.07(b) and 2.07(d), that the 2004D Bonds shall bear interest at Bond Interest Term Rates. Such direction of the City shall specify the proposed effective date of the Short-Term Interest Rate Period (during which the 2004D Bonds shall bear interest at Bond Interest Term Rates), which shall be (A) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of such Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption under Section 4.01(c) if such adjustment did not occur; provided that, if prior to the City's making such election any 2004D Bonds has been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Short-Term Interest Rate Period shall not precede such redemption date, (C) in the case of an adjustment from a Daily Interest Rate Period, the day immediately following the last day of such Interest Rate Period and (D) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each 2004D Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period with respect to such 2004D Bond, each 2004D Bond shall bear interest at a Bond Interest Term Rate during each Bond Interest Term for such 2004D Bond.

3. Notice of Adjustment to Bond Interest Term Rates. The Trustee shall give notice by first-class mail of an adjustment to a Short-Term Interest Rate Period to the Owners of the 2004D Bonds not less than 30 days prior to the effective date of such Short-Term Interest Rate Period. Such notice shall state (A) that the 2004D Bonds shall bear interest at Bond Interest Term Rates and that, during such Short-Term Interest Rate Period, each 2004D Bond will have one or more consecutive Bond Interest Terms during each of which such 2004D Bond will bear a Bond Interest Term Rate unless Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel as to such adjustment on the effective date of such adjustment in the Interest Rate Period, in which case the 2004D Bonds, if being adjusted from a Daily Interest Rate Period or a Weekly Interest Rate Period, shall continue to bear interest at a Daily Interest Rate or a Weekly Interest Rate as in effect immediately prior to such proposed adjustment in the Interest Rate Period, or if being adjusted from an Auction Rate Period, shall bear interest at the Maximum Auction Interest Rate for the Auction Interest Period commencing on the proposed adjustment date, or if being adjusted from a Long-Term Interest Rate Period, shall be adjusted to bear interest at a Weekly Interest Rate, (B) the proposed effective date of such Short-Term Interest Rate Period, (C) that the 2004D Bonds shall be subject to mandatory tender for purchase on such proposed effective date and shall set forth the applicable Purchase Price and (D) that a Bond Interest Term and a Bond Interest Term Rate for each 2004D Bond will be determined not later than the first day of such Bond Interest Term.

4. Adjustment from Short-Term Interest Rate Period. At any time during a Short-Term Interest Rate Period, the City may elect, under Section 2.06(a)(2), 2.06(b)(2), 2.06(c)(2) or 2.06(d)(2), but subject to Sections 2.06(h), 2.07(a), 2.07(b) and 2.07(d), that the 2004D Bonds no longer shall bear interest at Bond Interest Term Rates and shall instead bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate or a Long-Term Interest Rate, as specified in such election.

The date on which all Bond Interest Terms determined shall end shall be the last day of the then current Short-Term Interest Rate Period and the day next succeeding such date shall be

the effective date of the Daily Interest Rate Period, Weekly Interest Rate Period, Auction Rate Period or Long-Term Interest Rate Period elected by the City.

(f) *Determinations of Remarketing Agent Binding.* The determination of the Daily Interest Rate, Weekly Interest Rate, Long-Term Interest Rate and each Bond Interest Term and Bond Interest Term Rate by the Remarketing Agent and, with respect to any Auction Rate, by the Auction Agent through the implementation of the Auction Procedures with respect to Auction Rate Bonds, shall be conclusive and binding on the Trustee, the Paying Agent, the City, the Liquidity Provider, each Broker-Dealer, the Market Agent, the Liquidity Provider, the Insurer and the Owners of the 2004D Bonds, as applicable.

(g) *Manner of Payment.* Interest on the 2004D Bonds shall be payable as set forth in Section 2.04; *provided, however,* that during any Short-Term Interest Rate Period, interest on any 2004D Bond shall, subject to Section 2.04(b), be payable only on presentation and surrender of such 2004D Bond to the Paying Agent at its designated corporate trust office.

(h) *Delivery of Available Moneys to Pay Premium.* Notwithstanding anything in this Section 2.06 to the contrary, in connection with the adjustment of any Interest Rate Period which would require the mandatory tender for purchase of 2004D Bonds at a Purchase Price, exclusive of accrued interest, greater than the principal amount thereof as provided in Section 3.01(c), the City, as a condition to exercising its option to cause an adjustment in the Interest Rate Period applicable to the 2004D Bonds, shall deliver to the Paying Agent, prior to the Trustee mailing notice of such adjustment in the Interest Rate Period, Available Moneys for the purpose of paying such premium, unless the Liquidity Facility then in effect with respect to the 2004D Bonds provides for the payment of such premium.

Section 2.07 *Adjustment of Interest Rates; Notice of Adjustment.*

(a) *General Provisions Relating to Adjustment of Interest Rates.* If the City elects to convert the interest rate on the 2004D Bonds to a Daily Interest Rate, Weekly Interest Rate, Auction Rate, Long-Term Interest Rate or Bond Interest Term Rates as provided in Sections 2.06(a)(2), 2.06(b)(2), 2.06(c)(2), 2.06(d)(2) and 2.06(e)(2), then the written direction furnished by the City to the Trustee, the Insurer, the Paying Agent, the Liquidity Provider, the Remarketing Agent, the Market Agent, each Broker-Dealer and the Auction Agent, as applicable, as required by such Sections shall be made by registered or certified mail, or by Electronic Means, confirmed by registered or certified mail. Any such direction of the City shall specify whether the 2004D Bonds are to bear interest at the Daily Interest Rate, Weekly Interest Rate, Auction Rate, Bond Interest Term Rates or a Long-Term Interest Rate. Notwithstanding anything to the contrary in this Section 2.07, the written consent of the Insurer is required as a condition precedent to any conversion of the Interest Rate to or from anything other than a Weekly Interest Rate.

Notwithstanding anything to the contrary in Section 2.06 and this Section 2.07, in connection with any adjustment of the Interest Rate Period on the 2004D Bonds, the City shall provide to the Trustee, the Liquidity Provider, the Broker Dealer, the Insurer and the Remarketing Agent a Favorable Opinion of Bond Counsel on the effective date of such adjustment. In the event that Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on any such date, then the Interest Rate Period on the 2004D Bonds shall not be adjusted, and the 2004D Bonds shall continue to bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate or Bond Interest Term Rates, as the case may be, as in effect immediately before such proposed adjustment in the Interest Rate Period; *provided, however,* that in the event that the 2004D Bonds are being adjusted from a Long-Term Interest Rate Period, and Bond Counsel fails to deliver such Favorable Opinion of Bond Counsel on the effective date of such adjustment, then the 2004D Bonds nevertheless shall be adjusted to bear interest at a Weekly Interest Rate as provided in

Section 2.06(b) and *provided, further*, that in the event that the 2004D Bonds are being adjusted from an Auction Rate and Bond Counsel fails to deliver such Favorable Opinion of Bond Counsel on the effective date of such adjustment, such Auction Rate Bonds shall bear interest at the Maximum Auction Interest Rate for the first Auction Interest Period (as determined above) after the failed conversion. In any event, if notice of such adjustment has been mailed to the Owners of the 2004D Bonds as provided in this Section 2.07 and Bond Counsel fails to deliver a Favorable Opinion of Bond Counsel on the effective date as herein described, the 2004D Bonds shall continue to be subject to mandatory purchase as provided in Section 3.01 on the date which would have been the effective date of such adjustment.

Notwithstanding anything in Section 2.06 and this Section 2.07 to the contrary, in connection with the adjustment of any Interest Rate Period which would require the mandatory tender for purchase of 2004D Bonds at a Purchase Price greater than the principal amount thereof as provided in Section 3.01(c), the City, as a condition to exercising its option to cause an adjustment in the Interest Rate Period applicable to the 2004D Bonds, shall deliver to the Trustee before the Bond Registrar mailing notice of such adjustment in the Interest Rate Period, available moneys for the purpose of paying such premium, unless the Liquidity Facility then in effect with respect to the 2004D Bonds provides for the payment of such premium.

In connection with any adjustment in the Interest Rate Period applicable to the 2004D Bonds at the direction of the City (other than an adjustment to a Long-Term Interest Rate Period extending to the maturity of the 2004D Bonds or an adjustment to an Auction Rate Period), the City, as a condition to the effectiveness of the direction to adjust the Interest Rate Period, must supply the Trustee with an Alternate Liquidity Facility and written confirmation from each Rating Agency then maintaining a rating on the 2004D Bonds that the respective rating then in effect will not be withdrawn or reduced.

(b) *Rescission of Election.* Notwithstanding anything in Section 2.06 and this Section 2.07 to the contrary, in connection with any adjustment of the Interest Rate Period for the 2004D Bonds, the City has the right to deliver to the Trustee, the Insurer, the Paying Agent, the Liquidity Provider, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer at or prior to 10:00 a.m. on the effective date of any such adjustment (or (1) in the case of 2004D Bonds being adjusted from an Auction Rate Period to another Interest Rate Period, at or prior to 10:00 a.m. on the second Business Day prior to the next scheduled Auction Date, or (2) in the case of 2004D Bonds being adjusted to a Long-Term Interest Rate Period, at or prior to 10:00 a.m. on the date that the interest rate for such Long-Term Interest Rate Period is determined), a written notice to the effect that the City elects to rescind its election to make such adjustment. If the City rescinds its election to make such adjustment, then the Interest Rate Period shall not be adjusted and the 2004D Bonds shall continue to bear interest at the Daily Interest Rate, Weekly Interest Rate, Bond Interest Term Rates or Auction Rate, as the case may be, as in effect immediately prior to such proposed adjustment; *provided, however*, that Auction Rate Bonds shall bear interest at the Maximum Auction Interest Rate and the Auction Interest Period shall be the seven-day Auction Interest Period commencing on the proposed adjustment date; *provided, further*, if the 2004D Bonds were to be adjusted from a Long-Term Interest Rate, then the 2004D Bonds shall bear interest at a Weekly Interest Rate for the period commencing on the date which would have been the effective date of such Long-Term Interest Rate Period. In any event, if notice of an adjustment has been mailed to the Owners of the 2004D Bonds as provided in Section 2.07 and the City rescinds its election to make such adjustment, then the 2004D Bonds shall continue to be subject to mandatory tender for purchase on the date which would have been the effective date of the adjustment as provided in Section 3.01(c) unless the 2004D Bonds are then Auction Rate Bonds.

(c) *Liquidity Provider Bonds.* Any Liquidity Provider Bonds shall bear interest at the Liquidity Provider Rate for the period commencing from the date that the Liquidity Provider shall have

purchased such 2004D Bond and continuing until the Liquidity Provider (or a purchaser from the Liquidity Provider other than a purchaser which purchased such 2004D Bond through the Remarketing Agent) shall no longer be the owner of such 2004D Bond. Notwithstanding anything in this Series Resolution to the contrary, Liquidity Provider Bond Interest shall be paid by wire transfer on each Liquidity Provider Bond Payment Date in accordance with the wire transfer instructions to be provided by the Liquidity Provider (or a purchaser from the Liquidity Provider other than a purchaser which purchased such 2004D Bond through the Remarketing Agent) before such Interest Payment Date. Liquidity Provider Bonds may be sold, assigned or disposed of by the Liquidity Provider (or a purchaser from the Liquidity Provider other than a purchaser which purchased such 2004D Bond through the Remarketing Agent) only if the purchaser, assignee or subsequent owner thereof provides the Bond Registrar an authorization that the Remarketing Agent is authorized to sell such 2004D Bond on behalf of such purchaser. The Liquidity Provider Bonds and the Bond Register maintained by the Bond Registrar shall be noted indicating the requirement of such authorization and the applicability of the provisions of this paragraph to subsequent ownership of the 2004D Bonds.

(d) *Certain Additional Conditions.* In addition to the other requirements set forth in this Section 2.06, no adjustment from one Interest Rate Period to another shall take effect hereunder unless each of the following conditions, to the extent applicable, has been satisfied:

1. In the case of any adjustment with respect to which there shall be no Liquidity Facility in effect to provide funds for the purchase of 2004D Bonds on the effective date, the remarketing proceeds available on the adjustment date shall not be less than the amount required to purchase all of the 2004D Bonds at a price equal to the principal amount of the 2004D Bonds.

2. In the case of any adjustment of the 2004D Bonds from an Auction Rate Period to any other Interest Rate Period (except a Long-Term Interest Rate Period or a Short-Term Interest Rate Period where all Bond Interest Terms end on the day prior to the maturity date of the 2004D Bonds), prior to the effective date the City has appointed a Remarketing Agent with respect to such 2004D Bonds and there has been executed and delivered with respect to such 2004D Bonds a Remarketing Agreement and a Liquidity Facility.

3. In the case of any adjustment of the 2004D Bonds from any Daily Interest Rate Period, Weekly Interest Rate Period, Long-Term Interest Rate Period or Short-Term Interest Rate Period to an Auction Rate Period, prior to the adjustment date the City has appointed, or caused to be appointed, an Auction Agent, a Market Agent and at least one Broker-Dealer and there has been executed and delivered an Auction Agent Agreement, a Market Agent Agreement and a Broker-Dealer Agreement.

4. The prior written consent of the Insurer shall be obtained.

Section 2.08 *Notification of Interest Rate and Calculation of Interest* Promptly following the determination of any Interest Rate, the Remarketing Agent shall give written notice, which may be delivered by facsimile, to the Finance Director, the Trustee, the LGC and the Paying Agent; *provided, however,* that during a Daily Interest Rate Period such written notice need be provided only once a week. In lieu of the notice described in the preceding sentence, the Remarketing Agent may make the determination of any Interest Rate available to such parties by readily accessible Electronic Means. The failure to give any such notice shall not affect the change in the Interest Rate.

Using the Interest Rates supplied by the Remarketing Agent, the Paying Agent shall calculate the amount of interest payable on the 2004D Bonds and notify the Trustee of such amount and the Trustee will verify such calculation.

Section 2.09 **Arbitrage and Tax Covenants.** The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from gross income of the recipient thereof for federal income tax purposes of the interest on the 2004D Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly on having knowledge thereof. The City acknowledges that the continued exclusion of interest on the 2004D Bonds from the Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2004D Bonds or other funds under their control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2004D Bonds to be "*arbitrage bonds*" for purposes of Section 148 of the Code. The City covenants that it will comply with and will provide the Trustee with investment instructions that are in compliance with the Arbitrage and Tax Regulatory Agreement. The Trustee has no duty to confirm that any such investment instructions are in compliance with the provisions of the Arbitrage and Tax Regulatory Agreement.

Section 2.10 **Notification of Rating Agency.** The Trustee hereby agrees to promptly notify Moody's, if the 2004D Bonds are rated by Moody's, S&P, if the 2004D Bonds are rated by S&P, and Fitch, if the 2004D Bonds are rated by Fitch, at the address set forth in Section 10.11, and to the LGC with respect to items (1), (3), (4), (5), (6), (7) and (8) of this Section 2.10, of (1) any appointment of a successor Trustee, (2) any amendment or supplement to the Bond Order or this Series Resolution, the Remarketing Agreement or the Liquidity Facility, (3) receipt of written notice of a termination, expiration or extension of the Liquidity Facility or the substitution of an Alternate Liquidity Facility, (4) receipt of written notice of a conversion of the interest rate on the 2004D Bonds to a Long-Term Interest Rate, a Bond Interest Term Rate or an Auction Rate, (5) any provision for payment of the 2004D Bonds in accordance with Article XII of the Bond Order, (6) the giving of notice pursuant to Section 4.06 of the call for redemption of any 2004D Bonds, (7) the acceleration of the 2004D Bonds under Section 804 of the Bond Order, (8) a mandatory tender of the 2004D Bonds under Section 3.01(b), (c) or (d) or (9) a change in the Remarketing Agent.

Section 2.11 **Book-Entry System; Recording and Transfer of Ownership of the 2004D Bonds.**

(a) The Trustee, the Paying Agent or the Remarketing Agent may make appropriate arrangements for some or all of the 2004D Bonds to be issued or held by means of a book-entry system administered by a Securities Depository with no physical distribution of such 2004D Bonds made to the purchasers thereof. If 2004D Bonds are held under the book-entry system, one 2004D Bond in the principal amount of the 2004D Bonds Outstanding (less the principal amount of any issued 2004D Bonds not held by means of a book-entry system), registered in the name of the Securities Depository (or its nominee), will be issued to the Securities Depository and immobilized in its custody. The Remarketing Agent is not limited to using a book-entry system maintained by DTC, but may enter into a custody agreement with any bank or trust company serving as custodian (which may be the Paying Agent serving in the capacity of custodian) to provide for a book-entry system or similar method for the registration and registration of transfer of all or a portion of the 2004D Bonds.

(b) All of the 2004D Bonds shall be initially held by means of a book-entry system administered by the Securities Depository. On receipt of the documents referred to in Section 2.03, the Trustee shall authenticate one 2004D Bond registered in the name of the Securities Depository Nominee, and issue such 2004D Bond to the Securities Depository to be immobilized in its custody; provided that if The Depository Trust Company, New York, New York ("**DTC**") is acting as Securities Depository hereunder, such 2004D Bond shall be issued to Cede & Co. to be immobilized in its custody pursuant to the rules and procedures of DTC. Thereafter, in the event that 2004D Bonds are issued to the Owners thereof in bond (physical) form, the Trustee will authenticate and deliver to the Owners new 2004D Bonds in the principal amount equal to the aggregate principal amount of 2004D Bonds then Outstanding (less the principal amount of the 2004D Bonds not held by means of a book-entry system), registered in the name of the Owners, in exchange for the 2004D Bond then held by the Securities Depository and the Securities Depository shall surrender such 2004D Bond then held by it to the Trustee for cancellation and destruction in accordance with the terms of Section 306 of the Bond Order.

(c) If any 2004D Bonds are held by means of a book-entry system, such book-entry system will evidence beneficial ownership of the 2004D Bonds so held (or, as applicable, positions held by the Securities Depository's participants, beneficial ownership being evidenced in the records of such participants) in Authorized Denominations. Registration and transfers of ownership shall be effected on the records of the Securities Depository (and, as applicable, its participants) pursuant to rules and procedures established by the Securities Depository, and the Bond Registrar will provide the Securities Depository with all information required for such purposes. The City, the Trustee, the Paying Agent and the Bond Registrar will recognize the Securities Depository Nominee, while the registered owner of the 2004D Bonds so held, as the Owner of the 2004D Bonds for all purposes, including (i) payments of principal and Purchase Price of, and interest on, the 2004D Bonds, (ii) notices, and (iii) voting. Transfer of principal, interest and Purchase Price payments to beneficial owners of the 2004D Bonds so held will be the responsibility of the Securities Depository (or, as applicable, its participants and other nominees of such beneficial owners). The City, the Trustee, the Paying Agent and the Bond Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, the Securities Depository's participants (if any) or persons acting through such participants. While the Securities Depository Nominee is the owner of the 2004D Bonds so held, notwithstanding the provisions hereinabove contained, payments of principal and Purchase Price of and interest on such 2004D Bonds shall be made in accordance with the Letter of Representations. If, at any time, DTC shall be appointed and act as Securities Depository hereunder, the Paying Agent shall act as "*Issuing and Paying Agent*" in accordance with DTC's rules and procedures, with respect to the 2004D Bonds.

(d) If (1) DTC determines not to continue to act as securities depository for the 2004D Bonds or (2) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2004D Bonds to DTC.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF OWNERSHIP IS MAINTAINED IN ACCORDANCE HEREWITH FOR ANY 2004D BONDS, (1) THE PROVISIONS OF THIS SERIES RESOLUTION RELATING TO THE DELIVERY OF PHYSICAL 2004D BONDS SHALL BE DEEMED INAPPLICABLE OR BE OTHERWISE SO CONSTRUED WITH REGARD TO SUCH 2004D BONDS AS TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM AND (2) THE PROVISIONS OF THIS SERIES RESOLUTION RELATING TO PAYMENTS OF PRINCIPAL, PURCHASE PRICE AND INTEREST WITH RESPECT TO THE 2004D BONDS SHALL BE APPLICABLE TO BENEFICIAL OWNERSHIP INTERESTS IN THE 2004D BONDS IN AUTHORIZED DENOMINATIONS TO THE SAME EXTENT AS SUCH PROVISIONS ARE APPLICABLE TO REGISTERED OWNERSHIP INTERESTS IN THE 2004D BONDS.

Section 2.12 *Appointment of Paying Agent and Bond Registrar.* The initial Paying Agent and the initial Bond Registrar with respect to the 2004D Bonds is Wachovia Bank, National Association.

[End of Article II]

ARTICLE III.

TENDER AND PURCHASE OF THE 2004D BONDS; REMARKETING

Section 3.01 *Tender and Purchase of Bonds; Notice.*

(a) *Optional Tender for Purchase During Daily Interest Rate Period or Weekly Interest Rate Period.*

1. During any Daily Interest Rate Period when a Book-Entry System is in effect, a Beneficial Owner (through its Participant) may tender its interest in a 2004D Bond (other than a Liquidity Provider Bond) for purchase on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, on delivery to the Paying Agent and the Trustee at their principal office for delivery of notices, by no later than 11:00 a.m. on such Business Day, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such 2004D Bond and the date on which the same shall be purchased, which date shall be the date of the delivery of such notice to the Paying Agent. Liquidity Provider Bonds may not be tendered for purchase at the option of the Owner thereof. Any notice delivered to the Paying Agent after 11:00 a.m. shall be deemed to have been received on the next succeeding Business Day.

2. During any Weekly Interest Rate Period when a Book-Entry System is in effect, a Beneficial Owner (through its Participant) may tender its interest in a 2004D Bond (other than Liquidity Provider Bonds) for purchase on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase, unless the date of purchase shall be an Interest Payment Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, on delivery to the Paying Agent, the Remarketing Agent and the Trustee at their principal office for delivery of notices, by no later than 4:00 p.m. on such Business Day, of an irrevocable written notice, which states the principal amount of such 2004D Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Paying Agent. Liquidity Provider Bonds may not be tendered for purchase at the option of the Owner thereof. Any notice delivered to the Paying Agent after 4:00 p.m. shall be deemed to have been received on the next succeeding Business Day.

The Trustee shall promptly send a copy of any notice delivered to it under this Section 3.01(a) by telephone, confirmed by telecopy to the Remarketing Agent and the Liquidity Provider. On the date for purchase specified in the notice, the Beneficial Owner shall effect delivery of such 2004D Bonds by causing the Participant through which such Beneficial Owner owns such 2004D Bonds to transfer an interest in such 2004D Bonds equal to such Beneficial Owner's interest on the records of the Securities Depository to the participant account of the Trustee with the Securities Depository.

During any Daily Interest Rate Period or Weekly Interest Rate Period when a Book-Entry System is not in effect, an Owner of a 2004D Bond may tender his 2004D Bond by delivery to the Paying Agent

and Trustee of the notice described above by the time set forth above and shall also deliver the 2004D Bond to the Paying Agent at its principal office for delivery of 2004D Bonds on the date specified for purchase accompanied by an instrument of transfer thereof, in form satisfactory to the Paying Agent, executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a member of the New York Stock Exchange's Medallion Program or the New York Stock Exchange, Inc. Signature Program in accordance with the provisions of Securities and Exchange Commission Rule 17Ad-15.

(b) *Mandatory Tender for Purchase On Day Next Succeeding the Last Day of Each Bond Interest Term.* On the day next succeeding the last day of each Bond Interest Term for a 2004D Bond, unless such day is the first day of a new Interest Rate Period (in which event such 2004D Bond shall be subject to mandatory purchase pursuant to Section 3.01(c)), such 2004D Bond shall be purchased from its Owner at a Purchase Price equal to the principal amount thereof payable in immediately available funds. The Purchase Price of any 2004D Bond so purchased shall be payable only on surrender of such 2004D Bond to the Paying Agent at its Principal Office for delivery of 2004D Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Paying Agent, executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a participant of the Securities Transfer Agent Medallion Program or other similar program.

(c) *Mandatory Tender for Purchase on First Day of Each Interest Rate Period.* The 2004D Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period had one of the events specified in Sections 2.06(d)(2)(D) or 2.07(a) not occurred which resulted in the interest rate on the 2004D Bonds not being adjusted, at a Purchase Price, payable in immediately available funds, equal to the principal amount of the 2004D Bonds or, in the case of a purchase on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence before the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a Purchase Price equal to the optional Redemption Price set forth in Section 4.01(b) which would have been applicable to the 2004D Bonds on such mandatory purchase date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day, plus accrued interest, if any. Notwithstanding the foregoing, Auction Rate Bonds shall not be purchased or deemed purchased if the interest rate on the 2004D Bonds is not adjusted due to a failure to comply with Sections 2.07(a) or 2.07(b), but rather shall bear interest at the Maximum Auction Interest Rate for the Auction Interest Period commencing on the proposed adjustment date.

(d) *Mandatory Tender for Purchase upon Termination, Expiration or Replacement of the Liquidity Facility.* The Trustee will cause the Bond Registrar to give notice to the Owners that the 2004D Bonds will on the date specified in such notice cease to be payable from the Liquidity Facility as a result of (A) the termination (including receipt by the Trustee of written notice of an event of default under the Liquidity Facility) or expiration of the term of such Liquidity Facility, or (B) such Liquidity Facility being replaced with the effect that such 2004D Bond or 2004D Bonds are no longer payable from such Liquidity Facility. Such notice shall be given at least 30 days but no more than 45 days after the Trustee has received notice of the events described in (A) or (B) above. If at any time the Bond Registrar gives such a notice, then on the fifth day preceding any such termination, expiration or replacement of the Liquidity Facility or if such date is not a Business Day, the immediately preceding Business Day, the 2004D Bonds will be subject to mandatory tender for purchase at a Purchase Price equal to the principal amount thereof, plus accrued interest (if any); *provided, however*, that no mandatory tender for purchase will occur as a result of an "Event of Default" under the Liquidity Facility if the occurrence of such "Event of Default" results in the immediate suspension or termination of the obligation of the Liquidity Provider to purchase Bonds under the Liquidity Facility.

If the City delivers to the Trustee, the Paying Agent, the Remarketing Agent and the Bond Registrar, prior to the date notice of a termination, expiration or replacement of the Liquidity Facility is given by the Bond Registrar, written evidence from Moody's if the 2004D Bonds are then rated by Moody's and S&P if the 2004D Bonds are then rated by S&P and Fitch if the 2004D Bonds are then rated by Fitch to the effect that such termination, expiration or replacement, as the case may be, in and of itself, will not result in the withdrawal or reduction of the rating(s) then applicable to the 2004D Bonds, then the 2004D Bonds will not be subject to mandatory tender for purchase as provided in the preceding paragraph solely as a result of such termination, expiration or replacement. The Trustee shall nevertheless cause the Bond Registrar to give notice to the Owners of the 2004D Bonds that it has received an Alternate Liquidity Facility conforming with Section 501(c) and the name of the new Liquidity Provider at least 14 days before the date the replacement takes effect.

(e) *Mandatory Tender for Purchase at the Direction of the City.* During any Daily Interest Rate Period or Weekly Interest Rate Period, the 2004D Bonds are subject to mandatory tender for purchase on any Business Day designated by the City, with the consent of the Remarketing Agent, the Insurer and the Liquidity Provider. Such purchase date shall be a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such designation.

(f) *Notice of Mandatory Tender for Purchase; Delivery of Bonds to be Purchased.*

(1) In connection with any mandatory tender for purchase of 2004D Bonds in accordance with Section 3.01(c) or 3.01(d), the Bond Registrar shall give notice of a mandatory tender for purchase as a part of the notice given pursuant to Sections 2.06(b)(3), 2.06(c)(3), 2.06(d)(3), 2.06(e)(3) or 5.02. Such notice shall state (A) in the case of a mandatory tender for purchase pursuant to Section 3.01(c), the type of Interest Rate Period to commence on such mandatory purchase date; (B) in the case of a mandatory tender for purchase pursuant to Sections 3.01(d) and 5.02 hereof, that the Liquidity Facility will expire or terminate and that the Purchase Price of the 2004D Bonds shall no longer be payable from the Liquidity Facility then in effect or that the coverage thereof with respect to the 2004D Bonds shall be reduced and that any rating applicable thereto may be reduced or withdrawn; (C) that the Purchase Price of any 2004D Bond so subject to mandatory purchase shall be payable only on surrender of such 2004D Bond to the Paying Agent at its Principal Office for delivery of 2004D Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Paying Agent, executed in blank by the Owner thereof or his duly-authorized attorney, with such signature guaranteed by a participant of the Securities Transfer Agent Medallion Program or other similar program; (D) that, provided that moneys sufficient to effect such purchase have been provided through the remarketing of such 2004D Bonds by the Remarketing Agent or through the Liquidity Facility, all 2004D Bonds so subject to mandatory tender for purchase shall be purchased on the mandatory purchase date, and that if any Owner of a 2004D Bond subject to mandatory tender for purchase shall not surrender such 2004D Bond to the Paying Agent for purchase on such mandatory purchase date, then such 2004D Bond shall be deemed to be an Undelivered Bond, and that no interest shall accrue thereon on and after such mandatory purchase date and that the Owner thereof shall have no rights under the Bond Order and this Series Resolution other than to receive payment of the Purchase Price thereof; and (E) if moneys sufficient to pay the Purchase Price have not been provided to the Paying Agent either through the remarketing of such 2004D Bonds or through the Liquidity Facility, that such 2004D Bonds shall not be purchased or deemed purchased and shall continue to bear interest as if such failed purchase shall not have occurred. In connection with any mandatory tender for purchase of 2004D Bonds in accordance with Section 3.01(d) as a result of the replacement, termination or expiration of a Liquidity Facility, such notice also shall (W) describe generally the Liquidity Facility, if any, in effect or to be in effect on such termination or expiration and identify the provider of such Alternate Liquidity Facility and whether in the case

of each event of termination there is an obligation on the part of such Liquidity Provider to purchase on mandatory tender of the 2004D Bonds pursuant to such Alternate Liquidity Facility, and if not, the events of termination which give rise to suspension or termination of the obligation to purchase under such Alternate Liquidity Facility without an obligation to purchase on mandatory tender of the 2004D Bonds, (X) state the date of such replacement, termination or expiration and the date of the proposed provision of the Alternate Liquidity Facility, if any, (Y) specify the ratings, if any, to be applicable to such 2004D Bonds after such replacement, termination or expiration of the Liquidity Facility, or state that no ratings will be assigned to such 2004D Bonds subsequent to such replacement, termination or expiration of the Liquidity Facility, and (Z) describe any special restrictions or procedures (if any) applicable to the registration of transfer of such 2004D Bonds. The City shall provide the Trustee with a form of such notice.

(2) For payment of the Purchase Price of any 2004D Bond required to be purchased pursuant to this Section 3.01 on the purchase date specified in the applicable notice, such 2004D Bond must be delivered, at or before 10:00 a.m., New York City time, on the date specified in such notice, to the Paying Agent, accompanied by an instrument of transfer thereof, in form satisfactory to the Paying Agent, executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a participant of the Securities Transfer Agent Medallion Program or other similar program. In the event any such 2004D Bond is delivered after 10:00 a.m. on such date, payment of the Purchase Price of such 2004D Bond need not be made until the Business Day following the date of delivery of such 2004D Bond, but such 2004D Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

(g) *Irrevocable Notice Deemed to be Tender of Bond: Undelivered Bonds.*

(1) The giving of notice by an Owner of a 2004D Bond as provided in Section 3.01(a) shall constitute the irrevocable tender for purchase of each such 2004D Bond with respect to which such notice shall have been given, regardless of whether such 2004D Bond is delivered to the Paying Agent for purchase on the relevant purchase date as provided in this Section 3.01.

(2) The Paying Agent may refuse to accept delivery of any 2004D Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such 2004D Bond as herein described. If any Owner of a 2004D Bond who shall have given notice of tender of purchase pursuant to Section 3.01(a) shall fail to deliver such 2004D Bond to the Paying Agent at the place and on the applicable date and at the time specified, or shall fail to deliver such 2004D Bond properly endorsed, such 2004D Bond shall constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bonds (including the Undelivered Bonds referred to in Section 3.01(e)) are available for payment to the Owner thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the Bond Order and this Series Resolution; (2) interest shall no longer accrue thereon; and (3) funds in the amount of the Purchase Price of each such Undelivered Bond shall be held by the Paying Agent for the benefit of the Owner thereof (provided that the Owner shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Paying Agent at its principal office for delivery of 2004D Bonds. Any funds held by the Paying Agent as described in clause (3) of the preceding sentence shall be held uninvested and not commingled.

(h) The City shall pay the Purchase Price of any 2004D Bonds tendered for purchase pursuant to paragraph (a) of this Section 3.01 or subject to mandatory purchase pursuant to paragraphs

(b), (c) or (d) of this Section 3.01 when due if moneys for such purchase are not otherwise available from the sources specified in Section 3.02(b)(1) and (2) by depositing sufficient funds therefor with the Trustee.

Section 3.02 ***Notice of Bonds Delivered for Purchase; Purchase of Bonds.*** (a) The Paying Agent shall determine timely and proper delivery of 2004D Bonds pursuant to this Series Resolution and the proper endorsement of such 2004D Bonds. Such determination shall be binding on the Owners of such 2004D Bonds, the City, the Remarketing Agent and the Trustee, absent manifest error. The Paying Agent shall give notice by telephone, telecopy or telex promptly confirmed by a written notice, to the Trustee, the Bond Registrar, the Remarketing Agent and the Liquidity Provider specifying the principal amount of 2004D Bonds, if any, as to which it has received notice of tender for purchase in accordance with Section 3.01(a).

(b) 2004D Bonds required to be purchased in accordance with this Section 3.02 shall be purchased from the Owners thereof, on the date and at the Purchase Price at which such 2004D Bonds are required to be purchased. Funds for the payment of such Purchase Price shall be derived from the following sources in the order of priority indicated:

(1) proceeds of the sale of such 2004D Bonds remarketed to any person pursuant to Section 3.04 and furnished to the Paying Agent by the Remarketing Agent for deposit into the General Account of the Bond Purchase Fund;

(2) moneys furnished by the Trustee to the Paying Agent for deposit into the Liquidity Facility Account of the Bond Purchase Fund representing moneys received from the purchase of such 2004D Bonds by the Liquidity Provider under the Liquidity Facility;

(3) moneys furnished by the City pursuant to Section 3.01(h).

The Paying Agent may establish separate accounts or subaccounts within the Bond Purchase Fund for such purposes as the Paying Agent may deem appropriate.

(c) (1) The Bond Registrar shall authenticate a new 2004D Bond or Bonds in an aggregate principal amount equal to the principal amount of 2004D Bonds purchased in accordance with Section 3.02(b), whether or not the 2004D Bonds so purchased are presented by the owners thereof, bearing a number or numbers not contemporaneously outstanding. Every 2004D Bond authenticated and delivered as provided in this Section shall be entitled to all the benefits of this Series Resolution equally and proportionately with any and all other 2004D Bonds duly issued hereunder. The Bond Registrar shall maintain a record of the 2004D Bonds purchased as provided in this Section 3.02, together with the names and addresses of the former owners thereof.

(2) In the event any 2004D Bonds purchased as provided in this Section 3.02 shall not be presented to the Paying Agent, the Paying Agent shall segregate and hold the moneys for the Purchase Price of such 2004D Bonds in trust for the benefit of the former owners of such 2004D Bonds, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such 2004D Bonds. Any money that is so set aside and that remains unclaimed by the Owners for a period of five years after the date on which such 2004D Bonds have become payable shall be treated as abandoned property pursuant to the provisions of Section 116B-18 of the General Statutes of North Carolina, and the Trustee or the Bond Registrar shall report and remit this property to the Escheat Fund established by, according to the requirements of, Article 3 of Chapter 116B of the General Statutes of North Carolina, and thereafter the Owners shall look only to the Escheat Fund for payment and then to the extent of the amounts so

received, without any interest thereon, and the Trustee, the Paying Agent, the Bond Registrar and the City shall have no responsibility with respect to such money.

Section 3.03 ***Bonds Purchased in Part.*** On surrender of a 2004D Bond purchased in part and receipt by the Paying Agent thereof, the Paying Agent shall cause the Authenticating Agent to authenticate and deliver to the surrendering Owner a new 2004D Bond or Bonds in Authorized Denominations equal in aggregate principal amount to the unpurchased portion of the 2004D Bond surrendered.

Section 3.04 ***Remarketing of Bonds; Notice of Interest Rates.***

(a) On notice of the tender for purchase of 2004D Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such 2004D Bonds, any such sale to be made on the date of such purchase in accordance with Section 3.01 at a price equal to the principal amount thereof plus accrued interest, if any; *provided, however*, that the Remarketing Agent shall not remarket any 2004D Bonds unless a Liquidity Facility is then in effect with respect to such 2004D Bonds or unless such 2004D Bonds are being remarketed in a Long-Term Interest Rate Period, Auction Rate Period or a Short-Term Interest Rate Period that extends to the maturity of the 2004D Bonds. The Remarketing Agent shall remarket Liquidity Provider Bonds before any other 2004D Bonds. The Remarketing Agent agrees that it shall not sell any 2004D Bonds purchased pursuant to Section 3.01, to the City, or to any person who controls, is controlled by, or under common control with, the City.

(b) The Remarketing Agent shall determine the rate of interest to be borne by the 2004D Bonds bearing interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate during each Daily Interest Rate Period, Weekly Interest Rate Period and Long-Term Interest Rate Period and by each 2004D Bond during each 2004D Bond Interest Term for such 2004D Bond and the Bond Interest Terms for each 2004D Bond during each Short-Term Interest Rate Period as provided in Section 2.06 and shall furnish to the City, the LGC, the Trustee and the Paying Agent (1) on each Friday, notice of the Daily Interest Rates for that week, (2) on each Wednesday, notice of the Weekly Interest Rate, (3) on the date of determination thereof, notice of each Bond Interest Term Rate and Bond Interest Term, and (4) on the Business Day next succeeding the date of determination, notice of each Long-Term Interest Rate, by telex, telephone or telecopy, promptly confirmed in writing, or shall make such information available to such parties by readily accessible Electronic Means.

(c) The Remarketing Agent shall give the Liquidity Provider, the Trustee and the Paying Agent written or telephonic notice (promptly confirmed by telex or telecopier) not later than (i) 4:00 p.m., New York time, on the Business Day preceding the Business Day on which the 2004D Bonds (other than 2004D Bonds which bear interest at the Daily Interest Rate) are to be purchased pursuant to Section 3.01(a), (c), (d) or (e), or (ii) 12:15 p.m., New York time, on the Business Day on which 2004D Bonds (A) are to be purchased pursuant to Section 3.01(b), or (B) with respect to such 2004D Bonds which bear interest at the Daily Interest Rate, of the aggregate principal amount of 2004D Bonds subject to purchase which have been sold by the Remarketing Agent. The Remarketing Agent shall give telephonic or telegraphic notice, promptly confirmed by a written notice, to the City, the Trustee, the Bond Registrar and the Paying Agent on each date on which 2004D Bonds shall have been purchased pursuant to Section 3.02(b), specifying the principal amount of 2004D Bonds, if any, sold by it pursuant to Section 3.04(a) along with a list of such purchasers showing the names and denominations in which such 2004D Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers.

Section 3.05 ***Delivery of 2004D Bonds.***

(a) 2004D Bonds purchased with moneys described in clause (i) of Section 3.02(b) shall be made available by the Paying Agent to the Remarketing Agent for delivery to the purchasers thereof against payment therefor.

(b) 2004D Bonds purchased with moneys described in clause (ii) of Section 3.02(b) shall be registered in the name of the Liquidity Provider or its assignee as Liquidity Provider Bonds and held by the Paying Agent or delivered to the Liquidity Provider in accordance with the terms of the Liquidity Facility. 2004D Bonds will remain Liquidity Provider Bonds until the Paying Agent has received confirmation from the Liquidity Provider that the Liquidity Facility has been restored to its stated amount.

(c) 2004D Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof.

Section 3.06 ***Delivery of Proceeds of Sale.*** The proceeds of the sale by the Remarketing Agent of any 2004D Bonds delivered to it by, or held by it for the account of, the Trustee or the Liquidity Provider, or delivered to it by any other Owner, shall be turned over to the Paying Agent as provided in this Series Resolution.

Section 3.07 ***Remarketing Agent for Bonds.*** The initial Remarketing Agent for the 2004D Bonds shall be Citigroup Global Markets Inc. On the resignation or removal of the Remarketing Agent as described in Section 3.08, the City shall appoint any successor Remarketing Agent for the 2004D Bonds, subject to the qualifications of any such successor set forth in Section 3.08. The Remarketing Agent shall designate its Principal Office (other than the initial Remarketing Agent whose Principal Office is listed in Section 8.6) and signify its acceptance of the duties and obligation imposed on it hereunder by a written instrument of acceptance delivered to the Liquidity Provider and the City under which the Remarketing Agent will agree, particularly, to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Liquidity Provider and the City at all reasonable times. If the City fails to appoint a successor Remarketing Agent on the resignation or removal of the Remarketing Agent or on its dissolution, insolvency or bankruptcy, the Trustee may, but is not required to, appoint a Remarketing Agent or will itself act as Remarketing Agent until the appointment of a successor Remarketing Agent in accordance with Section 3.08. During any period in which the Trustee is acting as Remarketing Agent or has appointed a Remarketing Agent, the City shall promptly pay all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, of the Trustee and such Remarketing Agent and such fees and expenses will be a lien on any Funds held by the Trustee.

Section 3.08 ***Qualifications of Remarketing Agent; Resignation; Removal.*** The Remarketing Agent shall be a member of the National Association of Securities Dealers, having excess net capital (as defined in Rule 15c3-1 of the Securities Exchange Act of 1934, as amended) of at least \$25,000,000 or, in the alternative, a national banking association having a combined capital stock, surplus and undivided profits of at least \$100,000,000 and, in either case, authorized by law to perform all the duties imposed on it by this Series Resolution. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Series Resolution by giving notice to the Trustee, the Paying Agent, the Liquidity Provider, the Insurer and the City. Such resignation shall take effect on the 45th day after the receipt of the City of the notice of resignation. The Remarketing Agent may be removed at any time by an instrument signed by the Finance Director, filed with the Remarketing Agent, the Trustee, the Paying Agent, the Insurer and the Liquidity Provider or otherwise as may be provided in the applicable Remarketing Agreement; such removal will be effective not earlier than the 60th day after the date of the instrument, unless the Remarketing Agent no longer underwrites obligations such as the 2004D Bonds in which case the removal will be effective on the date specified in the written instrument. Notwithstanding

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the foregoing, no resignation or removal of the Remarketing Agent shall be effective until such time as the City appoints a successor Remarketing Agent.

[End of Article III]

ARTICLE IV.

REDEMPTION OF BONDS

Section 4.01 *Optional Redemption.*

(a) *Optional Redemption During Daily Interest Rate Period, Weekly Interest Rate Period or Short-Term Interest Rate Period.* 2004D Bonds bearing interest at the Weekly Interest Rate or Daily Interest Rate may be redeemed by the City in whole or in part on any Interest Payment Date, or if such Interest Payment Date is not a Business Day, on the next succeeding Business Day; *provided, however,* Liquidity Provider Bonds shall be redeemed by the City prior to the redemption of other 2004D Bonds. 2004D Bonds bearing interest at a Bond Interest Term Rate may be redeemed by the City in whole or in part on the day succeeding the last day of any Bond Interest Term. Any such redemption will be at the Redemption Price of 100% of the principal amount thereof, provided that any such redemption in part shall be in a minimum amount of \$100,000.

(b) *Optional Redemption During Auction Rate Period.* On any Interest Payment Date during an Auction Rate Period, the 2004D Bonds are subject to optional redemption by the City, in whole or in part, at a Redemption Price of 100% of the principal amount of the 2004D Bonds to be redeemed.

(c) *Optional Redemption at a Premium During Long-Term Interest Rate Period.* During any Long-Term Interest Rate Period, the 2004D Bonds shall be subject to optional redemption on the first day thereof, in whole or in part, at the Redemption Price of par, and thereafter, during the periods specified below or, if approved by Bond Counsel as provided in Section 2.06(d)(2), during the periods specified in the notice of the City to the Bond Registrar pursuant to Section 2.06(d)(2)(A), in whole or in part at any time, at the Redemption Prices (expressed as a percentage of principal amount) hereinafter indicated or specified in the notice of the City to the Bond Registrar pursuant to Section 2.06(d)(2):

LENGTH OF LONG-TERM INTEREST RATE PERIOD (EXPRESSED IN YEARS)	REDEMPTION PRICES
Greater than 15	After 10 years at 101%, declining by 1% every year to 100%
Less than or equal to 15 and greater than 10	After 7 years at 101%, declining by 1% every year to 100%
Less than or equal to 10 and greater than 7	After 5 years at 101%, declining by 1% every year to 100%
Less than or equal to 7 and greater than 4	After 3 years at 101%, declining by 1% every year to 100%
Less than or equal to 4	After 2 years at 100%

(d) *Optional Redemption of Liquidity Provider Bonds.* Liquidity Provider Bonds are subject to redemption, in whole or in part, at the Redemption Price of 100% of the principal amount thereof, without premium, on any Business Day.

Section 4.02 *Mandatory Sinking Fund Redemption.* The 2004D Bonds are subject to mandatory sinking fund redemption before their scheduled maturity, on the Interest Payment Date or Dates (but only with respect to 2004D Bonds having such Interest Payment Date) on or immediately following July 1 of each year, commencing July 1, 2005, without premium, at the Redemption Price equal to 100% of the principal amount thereof being redeemed in the principal amounts set forth in the certificate of the Finance Director delivered under Section 2.03(4).

(b) Notwithstanding any other provision of this Article IV, Liquidity Provider Bonds shall be redeemed in accordance with the Liquidity Facility.

Section 4.03 *Extraordinary Optional Redemption of 2004D Bonds.* The 2004D Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2004D Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

Section 4.04 *Redemption Date.* The redemption date of 2004D Bonds to be redeemed pursuant to any optional redemption provisions in Section 4.01(a) or (b), as the case may be, shall be a date permitted by such clauses and specified by the Finance Director in the notice delivered pursuant to Section 406. The redemption date for mandatory redemptions shall be as specified in Section 4.02.

Section 4.05 *Selection of 2004D Bonds To Be Redeemed.* If fewer than all the 2004D Bonds are to be redeemed, the Paying Agent shall select the 2004D Bonds to be redeemed from among the Outstanding 2004D Bonds, as set forth below, by lot or such other method as it deems in its sole discretion to be fair and appropriate, except that Liquidity Provider Bonds will be selected for redemption before any other 2004D Bonds. The Paying Agent shall make the selection from 2004D Bonds not previously called for redemption. Unless the 2004D Bonds bear interest at a Long-Term Interest Rate to maturity, the Paying Agent shall treat each Owner of 2004D Bonds as the owner of one 2004D Bond for purposes of selection for redemption, and shall select 2004D Bonds for redemption by lot (a) from among the Owners of less than \$1,000,000 in aggregate principal amount, provided that if there are no such Owners, or if, after selection from among such Owners such selection has not resulted in redemption of a sufficient amount of 2004D Bonds, then (b) from among the Owners of \$1,000,000 or more in aggregate principal amount of 2004D Bonds. The Paying Agent shall, on or before the day on which notice of redemption is mailed to the Owners, give telephonic notice to the Remarketing Agent of the 2004D Bonds selected for redemption and the name of the Owner or Owners thereof. No portion of a 2004D Bond may be redeemed that would result in a 2004D Bond which is smaller than the then permitted minimum Authorized Denomination. Provisions of this Series Resolution that apply to 2004D Bonds called for redemption also apply to portions of 2004D Bonds called for redemption.

Notwithstanding anything to the contrary in this Series Resolution, there shall be no redemption of less than all of the 2004D Bonds which are not Liquidity Provider Bonds if there shall have occurred and be continuing an Event of Default.

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

(a) If the City wishes that any 2004D Bonds be redeemed pursuant to any optional redemption provisions in this Series Resolution, the Finance Director shall notify the Trustee, the Paying Agent, the Bond Registrar, the Insurer, the Liquidity Provider and the Remarketing Agent in writing of

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the applicable provision, the redemption date, the principal amount of 2004D Bonds to be redeemed and other necessary particulars. The Finance Director shall give such notices at least 45 days but no more than 60 days before the redemption date.

(b) The Trustee shall prepare and the Paying Agent shall send notice of each redemption to each Owner whose 2004D Bonds are being redeemed, the City, the Remarketing Agent and the Liquidity Provider by first-class mail at least 30 days but not more than 60 days before each redemption. The notice shall identify the 2004D Bonds or portions thereof to be redeemed and shall state (i) the type of redemption and the redemption date, (ii) the Redemption Price, (iii) that the 2004D Bonds called for redemption must be surrendered to collect the Redemption Price, (iv) the address at which the 2004D Bonds must be surrendered, (v) that if, and only if, on the redemption date the Series 2004D Revenue Bond Redemption Account contains moneys sufficient to pay the Redemption Price, redemption of the 2004D Bonds will occur and interest on the 2004D Bonds called for redemption will cease to accrue on the redemption date, (vi) the CUSIP number of the 2004D Bonds and (vii) any condition to the redemption.

A copy of each notice of redemption shall also be sent by the Paying Agent by certified or registered mail to the Securities Depository two Business Days before mailing notice to Owners and to two national information services which disseminate redemption notices on the same date notices are mailed to the Owners, provided that the Paying Agent may, in its discretion, provide for overnight, telecopied or other form of notice to the Securities Depository acceptable to or requested by such depository. Notwithstanding the foregoing, in the event that the Securities Depository for the 2004D Bonds is DTC, the Trustee shall follow the procedure for redemption and notice as set forth in the Letter of Representations.

With respect to any 2004D Bonds to be redeemed which have not been presented for redemption within 60 days after the redemption date, the Trustee, at the expense of the Finance Director, shall prepare and the Paying Agent shall give a second notice of redemption to the Owner of any such 2004D Bonds which have not been presented for redemption, by first-class mail, within 30 days after the end of such 60 day period.

Failure by the Paying Agent to give any notice of redemption or any defect in such notice as to any particular 2004D Bonds shall not affect the validity of the call for redemption of any 2004D Bonds in respect of which no such failure or defect has occurred. Any notice mailed as provided in this Series Resolution shall be conclusively presumed to have been given whether or not actually received by any Owner.

Section 4.07 ***Payment of 2004D Bonds Called for Redemption.*** On or before the date fixed for redemption the Trustee shall cause to be transferred from the Series 2004D Revenue Bond Redemption Account to the Paying Agent moneys sufficient to pay the Redemption Price of the 2004D Bonds called for redemption. On surrender to the Paying Agent, 2004D Bonds called for redemption shall be paid as provided in this Article at the Redemption Price provided for in this Article. On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the 2004D Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor. On such redemption date, if moneys sufficient to pay the Redemption Price of the 2004D Bonds to be redeemed are held by the Paying Agent, interest on the 2004D Bonds called for redemption shall cease to accrue; such 2004D Bonds shall cease to be entitled to any benefits or security under this Series Resolution or to be deemed outstanding; and the Owners of such 2004D Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof.

Section 4.08 ***2004D Bonds Redeemed in Part.*** On surrender of a 2004D Bond redeemed in part, the Bond Registrar shall authenticate for the Owner a new 2004D Bond or Bonds in Authorized

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Denominations equal in aggregate principal amount to the unredeemed portion of the 2004D Bond surrendered.

Section 4.09 ***Defeasance of 2004D Bonds.*** While the 2004D Bonds are Variable Rate Bonds, the 2004D Bonds may only be defeased by depositing money or Government Obligations with the Trustee as permitted under Section 1201 of the Bond Order if the City has received a written confirmation from each Rating Agency then maintaining a rating on the 2004D Bonds that the respective rating then in effect will not be withdrawn or reduced.

[End of Article IV]

ARTICLE V.

LIQUIDITY FACILITY; ALTERNATE LIQUIDITY FACILITY

Section 5.01 *Liquidity Facility and Alternate Liquidity Facility.*

(a) *Requirements for Liquidity Facility.* On the initial authentication and delivery of the 2004D Bonds, the City will deliver to the Trustee the Liquidity Facility. So long as any 2004D Bonds remain Outstanding without being converted to a Long-Term Interest Rate or a Bond Interest Term Rate that extends to the maturity of the 2004D Bonds or to an Auction Rate or no Alternate Credit Facility is delivered to the Trustee which incorporates the requirements of a Liquidity Facility, a Liquidity Facility shall be in effect with respect to such 2004D Bonds with terms substantially conforming to those of the original Liquidity Facility. If the Trustee resigns or is removed under Section 912 or 913 of the Bond Order, the Trustee shall transfer the Liquidity Facility to the successor Trustee appointed under Section 914 of the Bond Order.

(b) *Demands Under Liquidity Facility; Extensions.* The Trustee, on each day on which 2004D Bonds are required to be purchased under Section 3.01, shall make timely demands for purchase of the 2004D Bonds in accordance with the Liquidity Facility such that timely payment of the Purchase Price of the 2004D Bonds under Section 3.02(b) is made in immediately available funds. Such demands shall be in amounts equal to the Purchase Price payable with respect to the 2004D Bonds (excluding Liquidity Provider Bonds which are not entitled to any benefit of the Liquidity Facility), less the amounts, if any, available under Section 3.02(b)(i). If any such demands for payment are made under Section 3.01(d) in connection with the delivery of an Alternate Liquidity Facility that results in the ratings, if any, on the 2004D Bonds being reduced or withdrawn, such demands shall be made under the existing Liquidity Facility and not under the Alternate Liquidity Facility. If the Trustee uses moneys on deposit in the General Account of the Bond Purchase Fund for the payment of the Purchase Price of the 2004D Bonds when due, the Trustee shall, within 10 days after such payment, give notice thereof to the Liquidity Provider in accordance with the terms of the Liquidity Facility. The notice from the Trustee to the Liquidity Provider shall be in the form attached to the Liquidity Facility. The Trustee agrees to make such demands so as to be able to obtain and to transfer to the Paying Agent by 1:45 p.m., to the extent funds have been received from the Liquidity Provider on the purchase date, such funds to the extent necessary to permit the Paying Agent to make such payment when due in accordance with this Series Resolution and the 2004D Bonds.

In making demands under the Liquidity Facility, the Trustee is acting on behalf of the Owners by facilitating payment of the Purchase Price of the 2004D Bonds and not on behalf of the City and is not subject to the control of either. Proceeds of purchases by the Liquidity Provider under the Liquidity Facility shall be segregated from, and not commingled with, other moneys held by the Trustee and shall be paid to the Paying Agent, who shall hold such moneys segregated from, and not commingled with, other moneys held by the Paying Agent.

The Trustee shall advise the City by telecopy or telex on the date of each demand under the Liquidity Facility of the amount and date of such demand for purchase and the reason for such demand. No demands shall be made by the Trustee under the Liquidity Facility for Liquidity Provider Bonds.

(c) *Alternate Liquidity Facility.* At any time while a Liquidity Facility is in effect with respect to the 2004D Bonds, on at least 60 days' prior written notice to the Trustee, the Paying Agent, the Liquidity Provider and the Remarketing Agent, the City may, subject to the written approval of the Remarketing Agent and the Insurer, provide for the delivery of an Alternate Liquidity Facility to the Trustee complying with the provisions of this Series Resolution, which shall be effective on acceptance

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by the Trustee. Any Alternate Liquidity Facility shall have a stated expiration date of at least 364 days following the effective date thereof and at least 15 days following an Interest Payment Date.

On or before the date of delivery of any Alternate Liquidity Facility to the Trustee, as a condition to the acceptance by the Trustee of such Alternate Liquidity Facility, the City shall furnish to the Trustee the Alternate Liquidity Facility and the following:

- (1) a Favorable Opinion of Bond Counsel;
- (2) (A) written evidence from Moody's, S&P and Fitch that the 2004D Bonds will be rated in the highest short-term ratings categories of Moody's and S&P on the basis of such Alternate Liquidity Facility unless the Insurer and the Remarketing Agent approve a lower rating in writing and (B) the written consent of the Insurer to such Alternate Liquidity Facility and the provider of such Alternate Liquidity Facility;
- (3) an Opinion of Counsel satisfactory to the Trustee, the Remarketing Agent and the Insurer and addressed to them to the effect that the Alternate Liquidity Facility is the valid and enforceable obligation of the issuer or provider thereof and covering such bankruptcy matters as the Trustee and the Insurer may reasonably request;
- (4) an Opinion of Counsel satisfactory to the Insurer and the Remarketing Agent and addressed to the Trustee, the Remarketing Agent and the Insurer that the Alternate Liquidity Facility does not constitute a separate security requiring registration under any applicable federal or state securities laws and that no registration of the 2004D Bonds under the Securities Act of 1933, as amended or qualification of the 2004D Bonds under the Trust Resolution Act of 1939, as amended is required in connection with the delivery of the Alternate Liquidity Facility. In the case of an Alternate Liquidity Facility, issued by a branch or agency of a foreign commercial bank, there shall also be delivered an Opinion of Counsel from a firm licensed to practice law in the jurisdiction in which the head office of such bank is located, addressed to the Trustee to the effect that the Alternate Liquidity Facility is the valid and enforceable obligation of such bank;
- (5) the form of the notice required under Section 3.01(d); and
- (6) if the Liquidity Facility then in effect (if any) with respect to the 2004D Bonds does not cover premiums due on the 2004D Bonds and the 2004D Bonds would be subject to mandatory tender for purchase at a Purchase Price in excess of the principal amount thereof in connection with the substitution of such Alternate Liquidity Facility, available moneys in an amount sufficient to pay the premium due on the 2004D Bonds.

In lieu of the opinion of Counsel required by the foregoing paragraph (4), there may be delivered an opinion of Counsel reasonably satisfactory to the City, the Insurer, the Remarketing Agent and the Trustee to the effect that either (a) at all times during the term of the Alternate Liquidity Facility, the 2004D Bonds will be offered, sold and held by owners in transactions not constituting a public offering of the 2004D Bonds or the Liquidity Facility under the Securities Act of 1933, as amended (the "1933 Act"), and accordingly neither the registration of the 2004D Bonds under the 1933 Act nor the qualification of an indenture in respect thereof under the Trust Indenture Act of 1939, as amended (the "TIA"), will be required in connection with the execution and delivery of the Liquidity Facility or the remarketing of the 2004D Bonds with the benefits thereof, or (b) the obligation of the Liquidity Provider under the Liquidity Facility has been registered under the 1933 Act, and any indenture required to be qualified with respect thereto under the TIA has been so qualified, and accordingly neither the registration of the 2004D Bonds under the 1933 Act nor the qualification of an indenture in respect thereof under the TIA will be required in connection with the issuance of such Alternate Liquidity Facility or the remarketing of the 2004D Bonds with the benefits thereof.

The Trustee shall accept any such Alternate Liquidity Facility only in accordance with the terms, and on satisfaction of the conditions, contained in this Section and any other applicable provisions of this Series Resolution. Notwithstanding anything to the contrary herein, any Alternate Liquidity Facility shall become effective on a Business Day. If acceptance of the Alternate Liquidity Facility results in a mandatory tender under Section 3.01(d), the Trustee shall not terminate or surrender the Liquidity Facility until the Trustee (i) has made such demand for payment thereunder, if any, as required under this Series Resolution to provide for payment of the Purchase Price of the 2004D Bonds, and (ii) has received the proceeds of such demand for payment from the Liquidity Provider.

Not more than 60 days and not less than 15 days before the effective date of the Alternate Liquidity Facility, the Bond Registrar shall give the notice required under Section 3.01(d).

(d) *Enforcement of the Liquidity Facility.* The Trustee shall hold and maintain the Liquidity Facility for the benefit of the Owners of the 2004D Bonds until the Liquidity Facility terminates or expires in accordance with its terms. When the Liquidity Facility terminates or expires in accordance with its terms, the Trustee shall immediately surrender it to the Liquidity Provider. The Trustee hereby agrees that, except in the case of a redemption in part under Article IV or any other reduction in the principal amount of 2004D Bonds Outstanding, it will not under any circumstances request that the Liquidity Provider reduce the amount of the Liquidity Facility. If all 2004D Bonds cease to be Outstanding, the Trustee shall surrender the Liquidity Facility to the Liquidity Provider in accordance with the terms thereof. If the Liquidity Provider fails to honor a demand for payment under the Liquidity Facility, in conformity with the terms thereof, the Trustee shall give immediate telephonic notice thereof to the Remarketing Agent, the Paying Agent and the City.

Section 5.02 *Alternate Credit Facility.*

(a) If Moody's, S&P and Fitch downgrade the rating of the claims-paying ability of the Insurer two downgrades (not including graduations thereof) below the highest rating of each such Rating Agency, the City may deliver to the Trustee:

- (1) an Alternate Credit Facility in substitution for the Policy then in effect;
- (2) an opinion of Bond Counsel stating that the Alternate Credit Facility so tendered meets the requirements of an Alternate Credit Facility under this Series Resolution and that the delivery of the Alternate Credit Facility, in and of itself, will not adversely affect the exclusion from gross income of interest on the 2004D Bonds for federal income tax purposes;
- (3) an Opinion of Counsel to the issuer of the Alternate Credit Facility to the effect that the Alternate Credit Facility is the legal, valid and binding obligation of the issuer thereof, subject to laws relating to bankruptcy, insolvency and similar matters;
- (4) written evidence from Moody's, if the 2004D Bonds are rated by Moody's, S&P, if the 2004D Bonds are rated by S&P, and Fitch, if the 2004D Bonds are rated by Fitch, in each case to the effect that such Rating Agency has reviewed the proposed Alternate Credit Facility and confirming that the substitution of the proposed Alternate Credit Facility for the Policy then in effect will not by itself, result in a reduction or withdrawal of its ratings of the 2004D Bonds from those which then prevail;
- (5) an opinion of nationally recognized securities counsel to the effect that such Alternate Credit Facility is not subject to the registration requirements of the Securities Exchange Act of 1933, as amended, or that such registration requirements have been complied with.

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(b) On the receipt of each of the items described above, the Trustee shall accept such Alternate Credit Facility and shall promptly give written notice to each Owner of the 2004D Bonds stating that an Alternate Credit Facility has been tendered, the name of the issuer thereof, and the date on which the Alternate Credit Facility will become effective and the Policy then in effect will terminate, which date shall be not less than 15 days nor more than 30 days from the date of the notice to the Owners of the 2004D Bonds. On or after the date specified in such notice, the Trustee shall surrender the Policy then in effect in accordance with its terms to the Insurer.

[End of Article V]

ARTICLE VI.

REVENUES, ACCOUNTS AND FUNDS

Section 6.01 ***Establishment of Accounts.*** The following Fund, Accounts and Subaccounts are hereby established:

- (a) Series 2004D Subaccount of the Revenue Bond Interest Account;
- (b) Series 2004D Subaccount of the Revenue Bond Principal Account;
- (c) Series 2004D Subaccount of the Revenue Bond Redemption Account;
- (d) Series 2004D Subaccount of the Revenue Bond Reserve Account;
- (e) Series 2004D Subaccount of the Revenue Bond Sinking Fund Account;
- (f) Series 2004D Construction Account of the Construction Fund;
- (g) Bond Purchase Fund to be held by the Paying Agent and within the Bond Purchase Fund, a 2004D General Account and a 2004D Liquidity Facility Account.

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

Section 6.02 ***Revenues Received by the City.*** The City shall, subject to the provisions of the Bond Order, deposit or cause to be deposited from Net Revenues with the Trustee the following amounts and at the following time, and the Trustee shall apply such amounts to the various accounts and subaccounts specified herein in the following order:

- (a) If the 2004D Bonds bear interest at other than a Long-Term Interest Rate:
 - (1) on the fifth day before each Interest Payment Date, into the Series 2004D Subaccount of the Revenue Bond Interest Account an amount necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, commencing on the date established in the certificate of the Finance Director delivered under Section 2.03(4), to pay the next maturing installment of interest, on the 2004D Bonds then Outstanding; and
 - (2) on or before the 25th day of each month, into the Series 2004D Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing on the date established in the certificate of the Finance Director delivered under Section 2.03(4), to pay the next maturing installment of principal, on the 2004D Bonds then Outstanding; or
 - (3) on or before the 25th day of each month, into the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, 1/12th of the amount required to retire the 2004D Bonds to be called by mandatory redemption or to be paid at maturity on the

Interest Payment Date on or immediately following July 1 of each year, in accordance with the Sinking Fund Requirement therefor.

In each month following a month in which the Trustee has failed to make any deposit required by this Section 6.02 and on each Interest Payment Date, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of this Series Resolution.

(b) If the 2004D Bonds bear interest at a Long-Term Interest Rate, on or before the 25th day of each month beginning in the first month during which the 2004D Bonds bear interest at a Long-Term Interest Rate:

(1) into the Series 2004D Subaccount of the Revenue Bond Interest Account an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to have funds on hand each June 25 and December 25, commencing June 25, 2005, to pay the next maturing installment of interest, on the 2004D Bonds then Outstanding; and

(2) into the Series 2004D Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to have funds on hand each June 25, commencing June 25, 2005, to pay the next maturing installment of principal, on the 2004D Bonds then Outstanding; or

(3) into the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account, 1/12th of the amount required to retire the 2004D Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing July 1, in accordance with the Sinking Fund Requirement therefor.

In each month following a month in which the Trustee has failed to make any deposit required by this Section 6.02, the City shall pay, but only from Net Revenues, and the Trustee shall deposit, in addition to the amounts then due, an amount sufficient to cure the deficiency in the deposits in the prior months unless such deficiency has been cured by a transfer of money to such fund or account from other funds and accounts created hereby, pursuant to the terms of this Series Resolution.

Section 6.03 *Application of Money in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account.* Money held in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2004D Bonds then Outstanding as follows:

(a) The Trustee shall, at the request of the City, endeavor to purchase and cancel 2004D Bonds or portions thereof subject to redemption by operation of the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account or maturing on the next ensuing July 1 at the most advantageous price readily obtainable with reasonable diligence. The Purchase Price of each such 2004D Bond shall not exceed par plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such 2004D Bonds to the date of settlement therefore from the Series 2004D Subaccount of the Revenue Bond Interest Account and the Purchase Price from the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account, but no such purchase shall be made by the Trustee from money in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account within the period of 45 days immediately preceding any July 1 on which such 2004D Bonds are subject to redemption, except from moneys other

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than the moneys set aside in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account for the redemption of 2004D Bonds. The aggregate Purchase Price of 2004D Bonds during each Fiscal Year shall not exceed the amount to be deposited in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account on account of the Sinking Fund Requirement for the 2004D Bonds for such Fiscal Year. If in any Fiscal Year the sum of the amount on deposit in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account for the payment of any 2004D Bonds and the principal amount of the 2004D Bonds that were purchased during such Fiscal Year pursuant to the provisions of this paragraph (a) or delivered during such Fiscal Year to the Trustee by the City exceeds the Sinking Fund Requirement for the Outstanding 2004D Bonds for such Fiscal Year, the Trustee shall endeavor to purchase Outstanding 2004D Bonds with such excess money;

(b) The Trustee shall call for redemption on July 1 in each Fiscal Year 2004D Bonds in a principal amount equal to the aggregate Sinking Fund Requirement for the 2004D Bonds for such Fiscal Year, less the principal amount of any such 2004D Bonds retired during such Fiscal Year by purchase pursuant to paragraph (a) of this Section or delivered during such Fiscal Year to the Trustee by the City. On each redemption date the Trustee shall withdraw from the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account the amount required to pay the Redemption Price of the 2004D Bonds so called for redemption. The amount of interest on the 2004D Bonds so called for redemption shall be paid from the Series 2004D Subaccount of the Revenue Bond Interest Account. If such date is the stated maturity date of any such 2004D Bonds, the Trustee shall not call such 2004D Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such 2004D Bonds when due and payable.

If at any date there is money in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account and no 2004D Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of 2004D Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money and shall apply the same as follows: (a) deposit in the Series 2004D Subaccount of the Revenue Bond Reserve Account, the amounts, if any, required to be paid thereto in such month pursuant to Section 503(g) of the Bond Order and (b) deliver all remaining amounts to the City.

If the balance in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account on the 25th day of the month next preceding a payment date on which 2004D Bonds are to be redeemed in accordance with the Sinking Fund Requirements therefor is insufficient to satisfy such Sinking Fund Requirement, the Trustee shall transfer to such Subaccount such amounts as may be necessary to remedy the deficiency, drawing on money in the Series 2004D Subaccount of the Revenue Bond Reserve Account.

If, in any Fiscal Year, by the application of money in the Series 2004D Subaccount of the Revenue Bond Sinking Fund Account the Trustee should purchase or receive from the City and cancel 2004D Bonds in excess of the aggregate Sinking Fund Requirements for such Fiscal Year, the Trustee shall file with the City not later than the 20th day before the next August 1 a statement identifying the 2004D Bonds purchased or delivered during such Fiscal Year and the amount of such excess. The City shall thereafter cause a certificate of the Finance Director to be filed with the Trustee not later than the 10th day before such August 1, setting forth with respect to the amount of such excess the Fiscal Years in which the Sinking Fund Requirements with respect to 2004D Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced.

On the retirement of any 2004D Bonds by purchase or redemption under the provisions of this Section, the Trustee shall file with the City a statement identifying such 2004D Bonds and setting forth the date of purchase or redemption, the amount of the Purchase Price or the Redemption Price of such 2004D Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the

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purchase or redemption of any such 2004D Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 6.04 *Application of Money in the Series 2004D Revenue Bond Redemption Account.*
The Trustee shall apply money in the Series 2004D Revenue Bond Redemption Subaccount to the purchase or redemption of 2004D Bonds as follows:

(a) Subject to the provisions of paragraph (c) of this Section, the Trustee shall endeavor to purchase and cancel 2004D Bonds or portions thereof, regardless of whether such 2004D Bonds or portions thereof are then subject to redemption, at the most advantageous price readily obtainable with reasonable diligence, provided that the Purchase Price of each 2004D Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such 2004D Bond under the provisions of this Series Resolution if such 2004D Bond or such portion thereof should be called for redemption on such date from the money in the Series 2004D Subaccount of the Revenue Bond Redemption Account. The Trustee shall pay the interest accrued on such 2004D Bonds or portions thereof to the date of settlement from the Series 2004D Subaccount of the Revenue Bond Interest Account and the Purchase Price from the Series 2004D Subaccount of the Revenue Bond Redemption Account, but no such purchase shall be made by the Trustee from money in the Series 2004D Subaccount of the Revenue Bond Redemption Account within the period of 45 days immediately preceding any Interest Payment Date on which such 2004D Bonds or portions thereof are to be redeemed, except from moneys other than the moneys set aside in the Series 2004D Subaccount of the Revenue Bond Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of paragraph (c) of this Section, the Trustee shall call for redemption on a date permitted by this Series Resolution such amount of 2004D Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held in the Series 2004D Subaccount of the Revenue Bond Redemption Account as nearly as may be. The Trustee shall pay the accrued interest on the 2004D Bonds or portions thereof to be redeemed to the date of redemption from the Series 2004D Subaccount of the Revenue Bond Interest Account and the Redemption Price of such 2004D Bonds or portions thereof from the Series 2004D Subaccount of the Revenue Bond Redemption Account. The Trustee shall withdraw from the Series 2004D Subaccount of the Revenue Bond Redemption Account and set aside the respective amounts required to pay the Redemption Price of the 2004D Bonds or portions thereof so called for redemption.

(c) Money in the Series 2004D Subaccount of the Revenue Bond Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of 2004D Bonds then Outstanding in accordance with the Sinking Fund Requirement.

On the retirement of any 2004D Bonds by purchase or redemption pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such 2004D Bonds and setting forth the date of purchase or redemption, the amount of the Purchase Price or the Redemption Price of such 2004D Bonds and the amount paid as interest thereon. The expense incurred by the Trustee in connection with the purchase or redemption of any such 2004D Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 6.05 *Application of Money in the Series 2004D Construction Account of the Construction Fund.* Money held in the Series 2004D Construction Account of the Construction Fund will be applied in accordance with Article IV of the Bond Order.

Section 6.06 *Application of Money in Series 2004D Subaccount of the Revenue Bond Reserve Account.*

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(a) There will be deposited in the Series 2004D Subaccount of the Revenue Bond Reserve Account the Qualified Surety Bond delivered by the City on the issuance of the 2004D Bonds.

(b) The Trustee will transfer amounts held in the Series 2004D Subaccount of the Revenue Bond Reserve Account to the Series 2004D Subaccount of the Revenue Bond Fund to make up any deficiency therein with respect to the 2004D Bonds, in accordance with the order of priorities set forth in Section 6.02 of this Series Resolution. Not less than two days before the need therefor or such longer period of time as may be required pursuant to the Qualified Surety Bond, the Trustee will cause appropriate notice to be given to the provider of such Qualified Surety Bond of the need for funds from the Series 2004D Subaccount of the Revenue Bond Reserve Account to make up any deficiency in the Series 2004D Subaccounts of the Revenue Bond Fund with respect to the 2004D Bonds.

Section 6.07 ***Investment of Money.*** Money held for the credit of all subaccounts or accounts established under this Series Resolution on deposit with the Trustee shall be continuously invested and reinvested by the Trustee in such Investment Obligations as the City may direct in writing to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts or accounts will be required for the purposes intended. No Investment Obligations in any such subaccount or account may mature beyond the latest maturity date of any 2004D Bonds Outstanding at the time such Investment Obligations are deposited. The Paying Agent shall hold the Bond Purchase Fund uninvested. Whenever the Trustee has not received written direction from the City and moneys in account created under this Series Resolution are therefore uninvested, the Trustee shall invest the moneys in Government Obligations maturing the earlier of (1) the respective dates when the money held for the credit of such accounts will be required for the purposes intended or (2) 30 days after such investment. The Trustee may rely on the City's directions and is not responsible for any loss on the investment of moneys under this Series Resolution made pursuant to the City's directions. The Trustee may make any and all investments permitted by this Section through its own bond or investment department unless otherwise directed in writing by the City.

The interest accruing on Investment Obligations in the subaccounts established hereunder and any profit or loss realized upon the disposition or maturity of such Investment Obligations shall be credited to or charged against the following Funds, accounts and subaccounts: interest and profit or loss resulting from each of the subaccounts established under Section 6.01 other than the Series 2004 Construction Account of the Construction Fund shall be credited to or charged against the Revenue Fund and interest and profit or loss resulting from the Series 2004 Construction Account of the Construction Fund shall be credited to or charged against that account.

Section 6.08 ***Payment of Principal, Interest and Premium and Pledge of Net Revenues.*** The City covenants that it will promptly pay the principal of and the interest on every 2004D Bond issued under this Series Resolution at the places, on the dates and in the manner provided herein and in the 2004D Bonds, and any premium required for the retirement of the 2004D Bonds by purchase or redemption, according to the true intent and meaning thereof. The City represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the 2004D Bonds authorized hereby and to pledge the Net Revenues in the manner and to the extent herein and in the Bond Order set forth; that all action on its part for the issuance of the 2004D Bonds initially issued hereunder has been duly and effectively taken; and that such 2004D Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the City according to their terms.

Except to the extent of a lien on Net Revenues from the Airport, the 2004D Bonds are not payable from the general funds of the City and do not constitute a legal or equitable pledge, lien or encumbrance on any of the properties of the City or on any of its income, receipts or revenues, except as provided in this Series Resolution and the Bond Order, and neither the credit nor the taxing power of the City are pledged for the payment of the 2004D Bonds, or the City's obligations to comply with any

covenant or agreement under this Series Resolution or any other agreement entered into by the City pursuant to its authority.

Section 6.09 ***Bond Purchase Fund; Duties of Paying Agent with respect to Tenders.***

(a) Amounts derived from the sources described in Section 3.02(b)(i) to pay the Purchase Price of 2004D Bonds and any other amounts deposited with the Paying Agent to be applied to pay the Purchase Price of 2004D Bonds will be deposited into the 2004D General Account of the Bond Purchase Fund. Amounts derived from the source described in Section 3.02(b)(ii) will be deposited into the 2004D Liquidity Facility Account of the Bond Purchase Fund. The Paying Agent will disburse moneys in the Bond Purchase Fund (all disbursements to be made first from the 2004D General Account until it is depleted and thereafter from the 2004D Liquidity Facility Account) to pay the Purchase Price of 2004D Bonds tendered or deemed tendered pursuant to Section 3.01. Moneys in the Bond Purchase Fund will be held uninvested. Neither the Trustee nor the Paying Agent has any right or interest in or lien on the Bond Purchase Fund.

(b) The Paying Agent agrees:

(1) to hold all 2004D Bonds delivered to it pursuant to Section 3.01, as agent and bailee of, and in escrow for the benefit of, the respective Owners which have so delivered such 2004D Bonds until moneys representing the Purchase Price of such 2004D Bonds have been delivered to or for the account of or to the order of such Owners;

(2) to establish and maintain the Bond Purchase Fund and the two separate and segregated accounts therein as described in paragraph (a), until such time as it has been discharged from its duties as Paying Agent hereunder;

(3) to hold all moneys (without investment thereof) delivered to it hereunder in the Bond Purchase Fund for the purchase of 2004D Bonds under Section 3.01, as agent and bailee of, and in escrow for the benefit of, the person or entity which has so delivered such moneys until the 2004D Bonds purchased with such moneys have been delivered to or for the account of such person or entity;

(4) to hold all moneys delivered to it by the Liquidity Provider for the purchase of 2004D Bonds under Section 3.01, as agent and bailee of, and in escrow for the benefit of, the owners or former owners who shall deliver 2004D Bonds to it for purchase until the 2004D Bonds purchased with such moneys have been delivered to or for the account of the Liquidity Provider; *provided, however*, that if the 2004D Bonds become due and payable, the Paying Agent shall cause such moneys (other than moneys held in the Bond Purchase Fund) to be deposited in the applicable account under this Series Resolution;

(5) to hold all 2004D Bonds registered in the name of the new Owners thereof which have been delivered to it by the Bond Registrar for delivery to the Remarketing Agent; and

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

[End of Article VI]

ARTICLE VII.

USE OF BOND PROCEEDS

Section 7.01 *Proceeds of the 2004D Bonds.* The proceeds of the 2004D Bonds are to be deposited in accordance with the certificate of the Finance Director delivered under Section 2.03(4).

[End of Article VII]

ARTICLE VIII.

THE POLICY

Section 8.01 *Insurer's Rights Upon An Event of Default.* So long as the Policy is in effect and the Insurer is not in default thereunder and upon the occurrence and continuance of an Event of Default pursuant to Section 802 of the Bond Order, the prior consent of the Insurer shall be required prior to the taking of any remedial action with respect to the 2004D Bonds under Section 804 of the Bond Order.

Section 8.02 *Payments Under the Policy.*

(a) If, on the second Business Day and again on the Business Day prior to the payment date on the 2004D Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the 2004D Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the City and Insurer or their designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Insurer or its designee.

(c) In addition, if the Trustee has notice that any Owner has been required to disgorge payments of principal or interest on the 2004D Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for the Owners of the 2004D Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the 2004D Bonds, the Trustee shall (i) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "*Insurance Paying Agent/Trustee*"), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing the Insurer as agent for such Owners in any legal proceeding relating to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the 2004D Bonds, the Trustee shall (i) execute and deliver to the Insurance Paying Agent/Trustee in form satisfactory to the Insurance Paying Agent/Trustee an instrument appointing the Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the 2004D Bonds surrendered to the Insurance Paying Agent/Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment

from the Insurance Paying Agent/Trustee is received), (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent/Trustee, and (iii) disburse the same to such Owners.

(e) Payments with respect to claims for interest on and principal of 2004D Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligations of the City with respect to such 2004D Bonds, and the Insurer shall become the owner of such unpaid 2004D Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the City and the Trustee hereby agree for the benefit of the Insurer that,

(1) They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the 2004D Bonds, the Insurer will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in the Bond Order, this Series Resolution and the 2004D Bonds; and

(2) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Bond Order, this Series Resolution and the 2004D Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the 2004D Bonds to the Owners, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(g) The City agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the City's obligations, or the preservation or defense of any rights of the Insurer, under this Series Resolution and any other document executed in connection with the issuance of the 2004D Bonds, and (ii) any consent, amendment, waiver or other action with respect to this Series Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(h) The City agrees not to use the Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent; provided however, such prohibition on the use of the Insurer's name shall not relate to the use of the Insurer's standard approved form of disclosure in public documents issued in connection with the current 2004D Bonds to be issued in accordance with the terms of the commitment executed between the City and the Insurer; and provided further such prohibition shall not apply to the use of the Insurer's name in order to comply with public notice, public meeting or public reporting requirements.

(i) The City shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which 2004D Bonds are tendered or purchased for any purpose other than the

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redemption and cancellation or legal defeasance of such 2004D Bonds without the prior written consent of the Insurer.

Section 8.03 *Notices and Information to Insurer.* For so long as the Policy is in effect and the Insurer is not in default thereunder (a) the Insurer shall receive copies of any and all notices that is required under this Series Resolution to be given to an Owner of the 2004D Bonds, (b) the Insurer shall receive any notice that is required under this Series Resolution to be given to the Trustee, (c) the Insurer shall, on an annual basis, receive copies of the City's audited financial statements and Annual Budgets, (d) the Insurer shall receive notice of the resignation or removal of the Trustee and the Paying Agent and the appointment of a successor thereto, (e) if additional Bonds are issued under the Bond Order, the Insurer shall receive copies of the related disclosure document and (f) any amendments made to the documents executed in connection with the issuance of the 2004D Bonds which are consented to by the Insurer shall be sent to S&P. All notices required to be given to the Insurer under this Series Resolution shall be in writing and shall be sent by registered or certified mail.

[End of Article VIII]

ARTICLE IX.

SUPPLEMENTAL SERIES RESOLUTIONS

Section 9.01 *Supplemental Series Resolutions Without Consent of Owners.* The City may, from time to time and at any time, adopt such resolutions supplemental hereto as are consistent with the terms and provisions of this Series Resolution and, in the opinion of the Trustee, do not affect adversely the interest of the Owners including, without limitation:

- (a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Series Resolution that shall be consistent with the provisions of this Series Resolution, or
- (b) to grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or
- (c) to add to the covenants and agreements of the City in this Series Resolution other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City, or
- (d) to permit the qualification of this Series Resolution under any federal statute now or hereafter in effect or under any state Blue Sky law, or
- (e) to provide for the issuance of any Series of the 2004D Bonds in bearer form, or
- (f) to make modifications in the provisions for the issuance of any Series of the 2004D Bonds under a book-entry system, or
- (g) to obtain a rating on the 2004D Bonds from a national rating service.

Section 9.02 *Modification of Series Resolution with Consent of Owners.* Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than 51% in aggregate principal amount of the 2004D Bonds then Outstanding have the right, from time to time anything contained in this Series Resolution to the contrary notwithstanding, to consent to and approve the adoption by the City and the acceptance by the Trustee of such series resolution supplemental hereto as are necessary or considered desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Series Resolution or in any supplemental series resolution; but nothing herein contained permits, or may be construed as permitting (a) an extension of the maturity of the principal of or the interest on any 2004D Bond or (b) a reduction in the principal amount of any 2004D Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a pledge of Net Revenues other than any pledge created or permitted by the Bond Order or this Series Resolution, or (d) a preference or priority of any 2004D Bond over any other 2004D Bond, or (e) a reduction in the aggregate principal amount of 2004D Bonds required for consent to such supplemental series resolution. Nothing herein contained, however, may be construed as making necessary the approval by the Owners of the adoption and acceptance of any supplemental series resolution as authorized in Section 901.

The Trustee shall, at the expense of the City, such expense to be paid solely from the Operating Fund or from any other available moneys, cause notice of the proposed adoption of such supplemental

series resolution to be mailed, postage prepaid, the LGC, the Insurer and all Owners. Such notice shall briefly set forth the nature of the proposed supplemental series resolution and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Owners. The Trustee is not, however, subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure will not affect the validity of such supplemental series resolution when approved and consented to as provided in this Section.

Whenever the City delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than 51% in aggregate principal amount of 2004D Bonds then Outstanding that are affected by a proposed supplemental series resolution, which instrument or instruments shall refer to the proposed supplemental series resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, then the City may adopt such supplemental series resolution in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than 51% in aggregate principal amount of the 2004D Bonds Outstanding have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, no Owner has any right to object to the adoption of such supplemental series resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

On the adoption of any supplemental series resolution pursuant to the provisions of this Section or Section 9.01, this Series Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Series Resolution, the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Series Resolution as so modified and amended.

Section 9.03 2004D Bonds Affected. For purposes of this Series Resolution, 2004D Bonds shall be deemed to be "affected" by a supplemental series resolution if the same adversely affects or diminishes the rights of Owners against the City or the rights of the Owners in the security for such 2004D Bonds. The Trustee may in its discretion determine whether any 2004D Bonds would be affected by any supplemental series resolution and any such determinations is conclusive on the Owners of all 2004D Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee is not liable for any such determination made in good faith.

Section 9.04 Exclusion of 2004D Bonds. 2004D Bonds owned or held by or for the account of the City shall not be deemed Outstanding 2004D Bonds for the purpose of any consent or other action or any calculation of Outstanding 2004D Bonds provided for in this Article, and City as Owner of such 2004D Bonds is not entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee certificates of the Finance Director, on which the Trustee may rely, describing all 2004D Bonds so to be excluded.

Section 9.05 Responsibilities of Trustee and City Under this Article. The Trustee and the City shall be entitled to exercise their discretion in determining whether or not any proposed supplemental series resolution or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the City, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee. The Trustee is entitled to receive, and is fully protected in relying on, the opinion of counsel approved by it, who may be bond counsel for the City, as conclusive evidence that any such proposed supplemental series resolution does or does not comply with the provisions of this Series Resolution, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental series resolution.

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Section 9.06 ***Consent of the Insurer.*** So long as the Policy is in effect and the Insurer has not defaulted thereunder, (1) the consent of the Insurer will be required to amend, modify or supplement this Series Resolution, and (2) the Insurer is deemed to be the sole Owner of the 2004D Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2004D Bonds are entitled to take under the Bond Order or this Series Resolution.

[End of Article IX]

ARTICLE X.

MISCELLANEOUS PROVISIONS

Section 10.01 ***State Law Governs.*** This Series Resolution is adopted with the intent that the laws of the State shall govern its construction.

Section 10.02 ***Headings.*** Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, are solely for convenience of reference and does not constitute a part of this Series Resolution or affect its meaning, construction or effect.

Section 10.03 ***Application to Local Government Commission.*** The City Council hereby ratifies and confirms its request to the LGC to sell the 2004D Bonds at private sale and without advertisement in accordance with the provisions of Section 159-123 of the General Statutes of North Carolina.

Section 10.04 ***Approval of Amount of 2004D Bonds and Interest Rate.*** The Finance Director is hereby authorized and directed to approve (1) the actual amount of the 2004D Bonds and each Sinking Fund Requirement for the 2004D Bonds to be issued under this Series Resolution to the limits specified in Section 2.04 and (2) the initial interest rate for the 2004D Bonds not in excess of the maximum set forth in Section 2.04.

Section 10.05 ***Approval of Official Statement and Other Documents.*** The City hereby approves and consents to the use and distribution of copies of the Official Statement, the Bond Order and this Series Resolution by the Purchasers in connection with the public offering of the 2004D Bonds. Any of the Mayor, City Manager and Finance Director is hereby authorized and directed to complete, execute and deliver the Official Statement relating to the 2004D Bonds, the Liquidity Facility, the Purchase Contract and the Remarketing Agreement, in substantially the form of the drafts of each presented at this meeting, together with such changes, modifications, and deletions as the Finance Director, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 10.06 ***Authorization for Other Acts.***

(a) The Finance Director and other officers, agents and employees of the City and the officers and agents of the Trustee are hereby authorized and directed to do all acts and things required of them by the provisions of the 2004D Bonds, the Bond Order, this Series Resolution and the Purchase Contract for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same and also to do all acts and things required of them by the provisions of this Series Resolution, including the advancement of any fees and expenses in connection with the transactions described therein with the expectation that such fees and expenses will be reimbursed to the City from 2004D Bond proceeds. Subject to Section 9.06, the Finance Director may make any change, amendment or other revisions to the Articles II, III and V of this Resolution necessary to obtain a rating on the 2004D Bonds.

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

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with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the Bond Order, this Series Resolution and the Purchase Contract.

Section 10.07 *Acceptance of Duties by Paying Agent.* Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by the Bond Order and this Series Resolution by executing and delivering to the City, the Trustee and the Insurer a written acceptance thereof.

Section 10.08 *Holidays.* Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest, if any, in connection with such payment or action.

Section 10.09 *Replacement of Bond Registrar or Paying Agent.* If the Bond Registrar or Paying Agent initially appointed under this Series Resolution resigns (whether before or after the issuance of any 2004D Bonds), or if the Finance Director reasonably determines that the Bond Registrar or Paying Agent has become incapable of performing its duties hereunder, the City may, on notice mailed to each Owner of the 2004D Bonds, if any, at such Owner's address last shown on the registration records, appoint a successor Bond Registrar or Paying Agent which meets any requirement set forth in the Bond Order, including the prior approval by the LGC of a successor Bond Registrar. No resignation or dismissal of the Bond Registrar or Paying Agent may take effect until a successor is appointed. The same institution is not required to serve as both Bond Registrar and Paying Agent hereunder, but the City has the right to have the same institution serve as both Bond Registrar and Paying Agent hereunder. Whenever in this Series Resolution the Bond Registrar or Paying Agent is named or referred to, such provision is deemed to include any successor of the Bond Registrar or Paying Agent, respectively.

Section 10.10 *Amendments to Bond Order Affecting Insurer.* Anything herein to the contrary notwithstanding, an amendment to the Bond Order or this Series Resolution altering the rights and duties of the Insurer thereunder or hereunder requires the prior written consent of the Insurer.

Section 10.11 *Notices.* The Trustee shall mail notice to each Rating Agency then rating the 2004D Bonds of the occurrence of any of the following events of which it has actual knowledge or has been informed: (1) any amendment or supplement to the Bond Order, the Policy, or this Series Resolution; (2) any redemption of Outstanding 2004D Bonds; or (3) any expiration, termination, substitution or renewal of the Policy. All notices or other communications will be sufficiently given and will be deemed given under this Series Resolution when delivered or mailed by certified or registered mail, postage prepaid, as follows: if to the Insurer, to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance; if to the Remarketing Agent, to Citigroup Global Markets Inc., Public Finance Department, 390 Greenwich Street, 2nd Floor, New York, New York 10013, Attention: Manager, Short-Term Trading; if to the Liquidity Provider, to Bank of America, N.A., 101 South Tryon Street, 12th Floor, NC1-002-03-10, Charlotte, North Carolina 28255, Attention: Charlotte Commercial Banking; if the 2004D Bonds are rated by Moody's, then to Moody's Investors Service, 99 Church Street, New York, New York 10003; if the 2004D Bonds are rated by S&P, then to Standard & Poor's, a Division of McGraw Hill Companies, 55 Water Street, New York, New York 10041 and if the 2004D Bonds are rated by Fitch, then to Fitch, Inc., One State Street Plaza, New York, New York 10004. The Insurer, the Liquidity Provider, the Remarketing Agent and the Rating Agencies may, by written notice to the City and the Trustee, designate any further or different addresses to which subsequent notices or other communications will be sent.

Section 10.12 *Acceptance and Execution of Purchase Contract; Approval of Award.* The Purchase Contract providing for the sale of the 2004D Bonds authorized hereunder in substantially the form presented at this meeting is hereby approved and accepted by the City; the award of the 2004D Bonds by the LGC to the Purchasers as underwriters for the 2004D Bonds and the selection of Citigroup

Global Markets Inc., as Representative of the Purchasers is hereby approved; and the Mayor or City Manager, or other appropriate officials of the City hereby are authorized and directed to approve additional Purchasers at any time and to execute the Purchase Contract on the behalf and in the name of the City at such time as may be determined by the Mayor, City Manager or Finance Director, and so to enter into the Purchase Contract as provided in such agreement, with such changes, variations, omissions and insertions as any official executing such document shall approve. The execution thereof by such officials constitutes conclusive evidence of such approval.

Section 10.13 ***Selection of Financial Advisor.*** The City, having considered the recommendations of the Finance Director, hereby (1) finds that the investment banking firm of Sterne, Agee & Leach, Inc. possess the expertise necessary to perform services required as financial advisor to the City in connection with the 2004D Bonds and has adequately provided in similar financial transactions, services of a nature and sophistication comparable to those required for the issue and sale of the 2004D Bonds, and (2) approves the retention of, and contract with, such firm as financial advisor to the City in connection with the 2004D Bonds.

Section 10.14 ***Selection of Broker-Dealer and Auction Agent.*** The City, having considered the recommendations of the Finance Director, hereby (1) finds that the firm of Citigroup Global Markets Inc. possess the expertise necessary to perform services required as Broker-Dealer and Auction Agent to the City in connection with the 2004D Bonds and has adequately provided in similar financial transactions, services of a nature and sophistication comparable to those required for the issue and sale of the 2004D Bonds, and (2) approves the retention of, and contract with, such firm as Broker-Dealer and Auction Agent in connection with the 2004D Bonds and this Series Resolution.

Section 10.15 ***Approval of Policy.*** The purchase of and the payment of premiums and costs for the Policy issued by the Insurer which insures the payment of principal and interest of the 2004D Bonds is hereby approved. The Mayor, City Manager, Finance Director or other appropriate officials of the City are authorized and directed to negotiate the final premium with respect to such policy and to take any and all other steps deemed appropriate or desirable by them to procure such policies.

Section 10.16 ***Amendment to 1999D Series Resolution.*** The following paragraph is added to Section 601 of the 1999D Series Resolution:

“If on any Interest Payment Date the amounts on deposit in the Series 1999D Subaccount of the Revenue Bond Reserve Account exceed the Reserve Requirement, such excess will be transferred to the Series 1999D Construction Account of the Construction Fund or to the Series 1999D Subaccount of the Revenue Bond Fund Interest Account, as the City directs in writing.”

Section 10.17 ***Continuing Disclosure.*** Before the conversion of the interest rate on the 2004D Bonds to a Long-Term Interest Rate, the City agrees to comply with such provisions of Rule 15c2-12 (the “***Rule***”) promulgated by the Securities and Exchange Commission (the “***SEC***”) as may then be in effect and applicable to the 2004D Bonds.

Section 10.18 ***Series Resolution Effective.*** This Series Resolution takes effect immediately on the delivery and payment for the 2004D Bonds.

[End of Article X]

EXHIBIT A

FORM OF 2004D BOND

CITY OF CHARLOTTE, NORTH CAROLINA
 VARIABLE RATE AIRPORT REVENUE BONDS,
 SERIES 2004D

No. RD-1 \$[]

<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
Bond Interest Term Rate	Date of Issuance	[]	[]

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: [] DOLLARS

The City of Charlotte, North Carolina (*the "City"*), a municipal corporation of the State of North Carolina (*the "State"*), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Principal Amount stated above on the Maturity Date set forth above (or earlier as hereinafter described), and to pay such Owner at the address as it appears on the registration books kept by Wachovia Bank, National Association, the Registrar, the Trustee and the Paying Agent for the 2004D Bonds (*the "Registrar," the "Paying Agent" and the "Trustee"*), on the Record Date, interest on such Principal Amount at the Interest Rate set forth above from the Interest Payment Date next preceding the date of authentication (unless such authentication date (i) is before the first Interest Payment Date following the initial delivery of the 2004D Bonds, in which case interest shall be computed from such initial delivery date, (ii) is after a Record Date and before the subsequent Interest Payment Date, in which case interest shall be computed from the subsequent Interest Payment Date, or (iii) is an Interest Payment Date, in which case interest shall be computed from such authentication date; provided, that if interest on the 2004D Bonds is in default, 2004D Bonds shall bear interest from the last date to which interest has been paid) until the principal hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, payable, on each Interest Payment Date. The term "*Interest Payment Date*" means (i) with respect to any Daily Interest Rate Period, the fifth Business Day of each calendar month, (ii) with respect to any Weekly Interest Rate Period, the first Wednesday of each calendar month or the next succeeding Business Day if the Wednesday is not a Business Day, (iii) with respect to any Auction Interest Period within an Auction Rate Period, the Business Day immediately following each Auction Interest Period, (iv) with respect to any Long-Term Interest Rate Period, each January 1 and July 1, (v) with respect to any Bond Interest Term within a Short-Term Interest Rate Period, the day next succeeding the last day of such Bond Interest Term, (vi) with respect to each Interest Rate Period, the day next succeeding the last day thereof and (vii) with respect to Liquidity Provider Bonds, the days on which interest is due under the Liquidity Facility. The principal of and redemption or Purchase Price and premium, if any, on the 2004D Bonds shall be payable in such coin or currency of the United States of America as is legal tender for the payment of public and private debts to the Owners at the Principal Office of the Paying Agent in Charlotte, North Carolina on presentation and surrender of the 2004D Bonds.

THE 2004D BONDS ARE SPECIAL OBLIGATIONS OF THE CITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2004D BONDS ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DO THEY CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE UPON ANY OF ITS PROPERTY OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE

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PLEGGED UNDER THE INDENTURE (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE CITY ARE PLEGGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2004D BONDS, AND NO OWNER OF THIS 2004D BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

The 2004D Bonds shall be initially held by means of a book-entry system administered by the Securities Depository. On receipt of the documents referred to in the Series Resolution, the Trustee shall authenticate one 2004D Bond registered in the name of the Securities Depository Nominee, and issue such 2004D Bond to the Securities Depository to be immobilized in its custody; provided that if The Depository Trust Company, New York, New York ("DTC") is acting as Securities Depository, such 2004D Bond shall be issued to Cede & Co. to be immobilized in its custody pursuant to the rules and procedures of DTC. Thereafter, in the event that 2004D Bonds are issued to the Owners thereof in bond (physical) form, the Trustee will authenticate and deliver to the Owners new 2004D Bonds in the principal amount equal to the aggregate principal amount of 2004D Bonds then Outstanding (less the principal amount of the 2004D Bonds not held by means of a book-entry system), registered in the name of the Owners, in exchange for the 2004D Bond then held by the Securities Depository and the Securities Depository shall surrender such 2004D Bond then held by it to the Trustee for cancellation and destruction in accordance with the terms of the Bond Order.

If any 2004D Bonds are held by means of a book-entry system, such book-entry system will evidence beneficial ownership of the 2004D Bonds so held (or, as applicable, positions held by the Securities Depository's participants, beneficial ownership being evidenced in the records of such participants) in Authorized Denominations. Registration and transfers of ownership shall be effected on the records of the Securities Depository (and, as applicable, its participants) pursuant to rules and procedures established by the Securities Depository, and the Registrar will provide the Securities Depository with all information required for such purposes. The City, the Trustee, the Paying Agent and the Registrar will recognize the Securities Depository Nominee, while the registered owner of the 2004D Bonds so held, as the Owner of the 2004D Bonds for all purposes, including (i) payments of principal and Purchase Price of, and interest on, the 2004D Bonds, (ii) notices and (iii) voting. Transfer of principal, interest and Purchase Price payments to beneficial owners of the 2004D Bonds so held will be the responsibility of the Securities Depository (or, as applicable, its participants and other nominees of such beneficial owners). The City, the Trustee, the Paying Agent and the Registrar will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, the Securities Depository's participants (if any) or persons acting through such participants. While the Securities Depository Nominee is the owner of the 2004D Bonds so held, notwithstanding the provisions hereinabove contained, payments of principal and Purchase Price of and interest on such 2004D Bonds shall be made in accordance with the Letter of Representations.

If (1) DTC determines not to continue to act as securities depository for the 2004D Bonds or (2) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2004D Bonds to DTC.

This Bond is one of an issue of Bonds designated "*City of Charlotte, North Carolina Variable Rate Demand Airport Revenue Bonds, Series 2004D*" (the "*2004D Bonds*") issued under a bond order adopted by the City Council of the City (the "*City Council*") on November 18, 1985, which the City Council supplemented and amended on June 8, 1992 and August 23, 2004 (the "*Bond Order*") and a resolution adopted by the City Council on August 23, 2004 (the "*Series Resolution*"). Unless the context indicates otherwise, all capitalized, undefined terms used herein have the meanings ascribed to them in the Bond Order or the Series Resolution. Simultaneously with the issuance of the 2004D Bonds, the City

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will issue its Airport Revenue Bonds, Series 2004A (the "2004A Bonds"), its Airport Revenue Bonds, Series 2004B (the "2004B Bonds") and its Taxable Airport Revenue Bonds, Series 2004C (the "2004C Bonds" and together with the 2004A Bonds and the 2004B Bonds, the "2004 Fixed Rate Bonds") under the Bond Order. Under the Bond Order, the City has previously issued its \$107,900,000 Variable Rate Airport Refunding Revenue Bonds, Series 1993A (the "1993A Bonds") of which \$80,200,000 remain outstanding, its \$70,295,000 Variable Rate Airport Refunding Revenue Bonds, Series 1997A (the "1997A Bonds") of which \$54,475,000 remain outstanding, its \$7,950,000 Airport Revenue Bonds, Series 1999A (the "1999A Bonds") all of which remains outstanding, its \$80,280,000 Airport Revenue Bonds, Series 1999B (the "1999B Bonds") of which \$79,105,000 remain outstanding, and its \$88,805,000 Variable Rate Airport Revenue Bonds, Series 1999D (the "1999D Bonds" together with the 1999A Bonds and the 1999B Bonds, the "1999 Bonds") of which \$52,279,000 remain outstanding. The 2004D Bonds, the 2004 Fixed Rate Bonds, the 1993A Bonds, the 1997A Bonds, the 1999 Bonds and any additional Bonds which may be issued under the Bond Order are parity obligations under the Bond Order.

The 2004A Bonds are being issued to pay a portion of the costs to (1) acquire and construct certain improvements to the Airport, consisting of the (a) construction of new roadways, a new taxiway and a deicing facility, (b) rehabilitation and reovation of current runways and taxiways, (c) continuation of the noise abatement program, (d) improvements to the terminal and Concourses A, B, C, and D, (e) expansion of Concourse E through the addition of up to 24 gates and other improvements, (f) construction of a new public parking deck, rental car service and maintenance facility, (g) expansion of the current employee parking facilities and the Airport's fuel farm, (h) expansion of the international arrivals area, (i) construction of additional public surface parking and other improvements at the Airport consistent with the Airport's mission, (2) pay certain costs associated with engineering related to the construction of a new runway (the "2004 Improvements"), and (3) pay the cost of issuance of the 2004 Bonds.

The 2004D Bonds, together with interest thereon, are special obligations of the City payable solely from Revenues after payment of the Current Expenses of the Airport and constitute a valid claim of the respective Owners thereof only against the funds and other moneys held by the Trustee for the benefit of the Owners of the 2004D Bonds, which amounts are pledged and assigned pursuant to the Bond Order for the equal and ratable payment of the 2004D Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the 2004D Bonds, except as may be otherwise expressly authorized in the Bond Order and Series Resolution.

As used herein, "Revenues" means (a) except to the extent hereinafter excluded, all payments, proceeds, fees, charges, rents and all other income derived by or for the City for the use of and for the services and facilities furnished by or from the operation or ownership of, the Airport and all other income derived by the City from the operation or ownership of the Airport and all rights to receive the same, whether in the form of accounts receivable, contract rights or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence, (b) amounts which the City is authorized, but not obligated, to pay or transfer to the Revenue Fund to the extent of any such payments or transfers, including transfers from the Airport Discretionary Fund which amounts shall become Revenues only at the time of payment or transfer of the Revenue Fund, (c) amounts transferred from the Rebate Account to the Revenue Fund following each Fiscal Year, and (d) any proceeds of business interruption insurance. Revenues does not include, unless paid or transferred pursuant to (b) above, (1) any gifts, grants, bequests, contributions or donations; (2) proceeds from the sale and disposition of all or any part of all or any part of the Airport; (3) reimbursements to the City of its advances to the Operating Fund specified in the Series Resolution relating to the Project Bonds; (4) investment income to the extent of amounts transferred from the Revenue Fund to the Rebate Account as of the last day of each Fiscal Year; (5) the investment income on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the City in any Funds and Accounts established by the Bond Order, but only to the extent such income and gains are not directed to the Revenue Fund as provided in the Bond Order or in any Series Resolution; (6) to the extent and for so long as such payments are pledged to secure

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the financing of the same, debt service from the financing of any facilities to which reference is made in the Bond Order, except to the extent otherwise provided by the City in respect of any such facilities; (7) any proceeds of Eminent Domain or insurance other than the business interruption insurance mentioned above; (8) the investment income on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the City in the fund in which Airport revenues relating to the period prior to the date of beneficial occupancy under certain 1978 airport agreements are held; (9) taxes collected at the Airport; (10) revenues described in clauses (a) and (c) above of Excluded Cost Centers; (11) the proceeds of any indebtedness; (12) payments made by the counterparty in connection with any interest rate exchange or swap agreement; and (13) PFC Revenues.

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

Pursuant to the Bond Order the City has, for the benefit of the Owners of the 2004D Bonds, assigned Net Revenues, the City's rights to receive Net Revenues, the moneys and Investment Obligations in the Renewal and Improvement Fund to the extent such moneys and Investment Obligations have not been encumbered by the City and the moneys and Investment Obligations in the subaccounts of the Revenue Bond Fund relating to the 2004D Bonds, to the Trustee in trust.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the Owners of the 2004D Bonds. Copies of the Bond Order and Series Resolution are on file and may be inspected at the principal office of the Trustee in Charlotte, North Carolina. By the purchase and acceptance of this 2004D Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

To further secure the 2004D Bonds, the City has entered into a financial guaranty insurance policy to be issued by MBIA Insurance Corporation to guaranty the scheduled payment of the principal of and interest on the 2004D Bonds when due. The City has further entered into a Standby Bond Purchase Agreement dated as of September 1, 2004 (the *"Liquidity Facility"*) with Bank of America, N.A. (the *"Liquidity Provider"*) to provide liquidity for the 2004D Bonds. Under the Liquidity Facility, the Liquidity Provider will purchase, subject to the terms of the Liquidity Facility, the 2004D Bonds tendered for purchase by the Owners under the Series Resolution if remarketing proceeds are insufficient to pay the Purchase Price of such tendered 2004D Bonds. In accordance with the terms thereof, the Liquidity Facility will expire before the maturity of the 2004D Bonds, unless extended, and may be terminated before its stated expiration date, with or without notice to the Owners.

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

This Bond is exchangeable upon the presentation and surrender hereof at the principal corporate trust office of the Bond Registrar for the 2004D Bonds in Authorized Denominations. Upon surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Bond Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2004D Bond or 2004D Bonds. The Bond Registrar may require the payment by any Owner requesting registration of transfer or exchange of 2004D Bonds of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Bond Registrar is not required to register the transfer of or exchange any 2004D Bonds selected, called or being called for redemption in whole or in part. The person in whose name this Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this Bond will be made only to or upon the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this Bond to the extent of the sum or sums paid.

INTEREST ON THE 2004D BONDS

General. The 2004D Bonds will bear interest at the Interest Rate, initially the Weekly Interest Rate, from the date thereof until paid in full. Interest accrued on each 2004D Bond shall be paid on each Interest Payment Date, commencing on the date certified by the Finance Director of the City as required by the Series Resolution. The Interest Rate on the 2004D Bonds shall be determined as provided below; provided that no rate shall exceed the Maximum Rate. Interest shall be computed, in the case of a Long-Term Interest Rate Period, on the basis of a 360-day year consisting of twelve 30-day months, and in the case of any other Interest Rate Period, on the basis of a 365 or 366-day year, as appropriate, for the actual number of days elapsed. For any Short-Term Interest Rate Period or Long-Term Interest Rate Period, interest on the 2004D Bonds shall be payable on each Interest Payment Date for the period commencing on the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. In any event, interest on the 2004D Bonds shall be payable for the final Interest Rate Period to the date on which the 2004D Bonds shall have been paid in full. Interest on Liquidity Provider Bonds is payable on each Liquidity Provider Bond Payment Date. "*Interest Accrual Date*" means (i) with respect to any Daily Interest Rate Period, the first day thereof and the first Business Day of each succeeding calendar month during such Daily Interest Period, (ii) with respect to any Weekly Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date during such Weekly Interest Rate Period, (iii) with respect to any Auction Rate Period, the first day thereof and, thereafter, each Interest Payment Date, other than the last such Interest Payment Date during such Auction Rate Period, (iv) with respect to any Long-Term Interest Rate Period, the first day thereof and, thereafter, each Interest Payment Date in respect thereof, other than the last such Interest Payment Date during such Long-Term Interest Rate Period, and (iii) with respect to each Bond Interest Term within any Short-Term Interest Rate Period, the first day thereof.

Determination of Daily Interest Rate. During each Daily Interest Rate Period, the 2004D Bonds (other than Liquidity Provider Bonds) shall bear interest at the Daily Interest Rate, which shall be determined by the Remarketing Agent by 9:30 a.m. on each Business Day during such Daily Interest Rate Period. The Daily Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable, in the judgment of the Remarketing Agent, to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2004D Bonds, would enable the Remarketing Agent to sell the 2004D Bonds on such date of determination at a price (without regard to accrued interest) equal to the principal amount thereof. If the

Remarketing Agent fails to establish a Daily Interest Rate for any day, then the Daily Interest Rate for such day shall be the same as the Daily Interest Rate for the immediately preceding day and such rate shall continue until the earlier of (A) the date on which the Remarketing Agent determines a new Daily Interest Rate for the 2004D Bonds or (B) the seventh day succeeding the first such day on which such Daily Interest Rate is not determined by the Remarketing Agent. If the Remarketing Agent fails to determine a new Daily Interest Rate for a period of seven days as described in clause (B) of the immediately preceding sentence, or if the Daily Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate applicable to the 2004D Bonds shall be equal to 100% of the BMA Index made available for the week preceding the date of determination, or if such index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* for each Business Day (and for the next preceding Business Day for each day which is not a Business Day) until such Daily Interest Rate is again validly determined by the Remarketing Agent.

Determination of Weekly Interest Rate. During each Weekly Interest Rate Period, the 2004D Bonds (other than Liquidity Provider Bonds) shall bear interest at the Weekly Interest Rate, which shall be determined by the Remarketing Agent by 4:30 p.m. on Tuesday of each week during such Weekly Interest Rate Period, or if such day shall not be a Business Day, then on the next succeeding Business Day. The first Weekly Interest Rate determined for each Weekly Interest Rate Period shall be determined on or before the first day of such Weekly Interest Rate Period and shall apply to the period commencing on the first day of such Weekly Interest Rate Period and ending on the next succeeding Tuesday. Thereafter, each Weekly Interest Rate shall apply to the period commencing on Wednesday and ending on the next succeeding Tuesday, unless such Weekly Interest Rate Period shall end on a day other than Tuesday, in which event the last Weekly Interest Rate for such Weekly Interest Rate Period shall apply to the period commencing on Wednesday preceding the last day of such Weekly Interest Rate Period and ending on the last day of such Weekly Interest Rate Period. The Weekly Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then prevailing market conditions) to be the minimum interest rate which, if borne by the 2004D Bonds, would enable the Remarketing Agent to sell the 2004D Bonds on the first Business Day of the Weekly Interest Rate Period at a price (without regard to accrued interest) equal to the principal amount thereof. If the Remarketing Agent fails to establish a Weekly Interest Rate for any week, then the Weekly Interest Rate for such week shall be the same as the Weekly Interest Rate for the immediately preceding week if the Weekly Interest Rate for such preceding week was determined by the Remarketing Agent. If the Weekly Interest Rate for the immediately preceding week was not determined by the Remarketing Agent, or if the Weekly Interest Rate determined by the Remarketing Agent shall be held to be invalid or unenforceable by a court of law, then the interest rate for such week shall be equal to 100% of the BMA Index made available for the week preceding the date of determination, or if the BMA Index is no longer available, or no such index was so made available for the week preceding the date of determination, 75% of the interest rate on 30-day high grade unsecured commercial paper notes sold through dealers by major corporations as reported in *The Wall Street Journal* on the day the Weekly Interest Rate would otherwise be determined as provided herein for such Weekly Interest Rate Period.

Determination of Auction Rate. During each Auction Rate Period, the 2004D Bonds shall bear interest at an Auction Rate determined in accordance with the Series Resolution.

Determination of Long-Term Interest Rate. During each Long-Term Interest Rate Period, the 2004D Bonds shall bear interest at the Long-Term Interest Rate. The Long-Term Interest Rate for the 2004D Bonds shall be determined by the Remarketing Agent on a Business Day no earlier than two weeks before the effective date of such Long-Term Interest Rate Period and no later than 10:00 a.m. on

the effective date of such Long-Term Interest Rate Period. The Long-Term Interest Rate shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by the 2004D Bonds, would enable the Remarketing Agent to sell the 2004D Bonds on the first Business Day for the Long-Term Interest Rate Period at a price (without regarding accrued interest) equal to the principal amount thereof. If, for any reason, the Long-Term Interest Rate is not so determined for any Long-Term Interest Rate Period by the Remarketing Agent on or before the first day of such Long-Term Interest Rate Period, then the 2004D Bonds shall bear interest at the Weekly Interest Rate as provided in the Series Resolution, and shall continue to bear interest at a Weekly Interest Rate determined in accordance with the Series Resolution until such time as the interest rate on the 2004D Bonds shall have been adjusted to a Daily Interest Rate, an Auction Rate, a Long-Term Interest Rate, or Bond Interest Term Rates as provided in the Series Resolution, and the 2004D Bonds shall be subject to purchase on notice from the Owners thereof.

Determination of Bond Interest Terms and Bond Interest Term Rates.

(1) During each Short-Term Interest Rate Period, each 2004D Bond (other than a Liquidity Provider Bond) shall bear interest during each Bond Interest Term for such 2004D Bond at the Bond Interest Term Rate for such 2004D Bond. The Bond Interest Term and the Bond Interest Term Rate for each 2004D Bond need not be the same for any two 2004D Bonds, even if determined on the same date. Each of such Bond Interest Terms and Bond Interest Term Rates for each 2004D Bond shall be determined by the Remarketing Agent no later than 12:00 noon on the first day of each Bond Interest Term. Except for any 2004D Bond purchased by the Liquidity Provider or the City and remaining unsold by the Remarketing Agent at the close of business on the first day of the Bond Interest Term, each Bond Interest Term shall be for a period of days within the range or ranges announced as possible Bond Interest Terms no later than 9:00 a.m., New York City time, on the first day of each Bond Interest Term by the Remarketing Agent. Each Bond Interest Term for each 2004D Bond shall be a period of not more than 180 days, determined by the Remarketing Agent to be the period which, together with all other Bond Interest Terms for all 2004D Bonds then outstanding, will result in the lowest overall interest expense on the 2004D Bonds over the next succeeding 180 days. Any 2004D Bond purchased on behalf of the City and remaining unsold by the Remarketing Agent as of the close of business on the first day of the Bond Interest Term for that 2004D Bond shall have a Bond Interest Term of one day or, if that Bond Interest Term would not end on a day immediately preceding a Business Day, a Bond Interest Term ending on the day immediately preceding the next Business Day. Each Bond Interest Term shall end on either a day which immediately precedes a Business Day or on the day immediately preceding the maturity date of the 2004D Bonds. If for any reason a Bond Interest Term for any 2004D Bond cannot be so determined by the Remarketing Agent, or if the determination of such Bond Interest Term is held by a court of law to be invalid or unenforceable, then such Bond Interest Term shall be 30 days, but if the last day so determined shall not be a day immediately preceding a Business Day, shall end on the first day immediately preceding the Business Day next succeeding such last day, or if such last day would be after the day immediately preceding the maturity date of the 2004D Bonds, shall end on the day immediately preceding the maturity date. In determining the number of days in each Bond Interest Term, the Remarketing Agent shall take into account the following factors: (A) existing short-term tax-exempt market rates and indices of such short-term rates, (B) the existing market supply and demand for short-term tax-exempt securities, (C) existing yield curves for short-term and long-term tax exempt securities for obligations of credit quality comparable to the 2004D Bonds,

(D) general economic conditions, (E) economic and financial conditions that may affect or be relevant to the 2004D Bonds, (F) the Bond Interest Terms of other bonds and (G) such other facts, circumstances and conditions pertaining to financial markets as the Remarketing Agent, in its sole discretion, shall determine to be relevant.

(2) The Bond Interest Term Rate for each Bond Interest Term for each 2004D Bond shall be the rate of interest per annum determined by the Remarketing Agent (based on the examination of tax-exempt obligations comparable in the judgment of the Remarketing Agent to the 2004D Bonds and known by the Remarketing Agent to have been priced or traded under then-prevailing market conditions) to be the minimum interest rate which, if borne by such 2004D Bond, would enable the Remarketing Agent to sell such 2004D Bond on the first Business Day of such Bond Interest Term at a price (without regarding accrued interest) equal to the principal amount thereof. If for any reason a Bond Interest Term Rate for any 2004D Bond is not so established by the Remarketing Agent for any Bond Interest Term, or such Bond Interest Term Rate is determined by a court of law to be invalid or unenforceable, then the Bond Interest Term Rate for such Bond Interest Term shall be the rate per annum equal to 75% of the interest rate on high grade unsecured commercial paper notes sold through dealers by major corporations as reported by *The Wall Street Journal* or, if no longer published, a comparable publication, on the first day of such Bond Interest Term and which maturity most nearly equals the Bond Interest Term for which a Bond Interest Term Rate is being calculated as determined by the Remarketing Agent if a Remarketing Agent is serving or in the absence of a Remarketing Agent, the Trustee.

Adjustment to Daily Interest Rate. At any time, the City, by written direction to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds, the Liquidity Provider (if a Liquidity Facility is in effect) and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer, may elect, subject to the provisions of the Series Resolution, that the 2004D Bonds shall bear interest at a Daily Interest Rate. Such direction of the City shall specify the proposed effective date of such adjustment to a Daily Interest Rate, which shall be (A) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption under the Series Resolution if such adjustment did not occur, (C) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds, and (D) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Daily Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period or the maturity date of the 2004D Bonds, the interest rate borne by the 2004D Bonds shall be a Daily Interest Rate

Adjustment to Weekly Interest Rate. At any time, the City, by written direction to the Trustee, the Paying Agent, the Registrar, the Liquidity Provider (if a Liquidity Facility is in effect), each Rating Agency then rating the 2004D Bonds, the Insurer and the Remarketing Agent, and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer, may elect that the 2004D Bonds shall bear interest at a Weekly Interest Rate. Such direction of the City shall specify the proposed effective date of such adjustment to a Weekly Interest Rate, which shall be (A) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Registrar of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption pursuant to the Series

Resolution if such adjustment did not occur, (C) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds, and (D) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Weekly Interest Rate Period commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2004D Bonds shall be a Weekly Interest Rate.

Adjustment to Auction Interest Rate. At any time, the City may, by written direction to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds and the Liquidity Provider (if a Liquidity Facility is in effect), may elect, subject to the provisions of the Series Indenture, that the 2004D Bonds shall bear interest at an Auction Rate. The direction of the City shall specify (A) the proposed effective date of the adjustment to the Auction Rate, which shall be (i) in each case, a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (ii) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of the then current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption under the Series Resolution if such conversion did not occur, and (iii) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period, and (B) the initial Auction Interest Period for the 2004D Bonds, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Auction Rate Period for the 2004D Bonds commencing on a date so specified and ending on the day immediately preceding the effective date of the next succeeding Interest Rate Period, the interest rate borne by the 2004D Bonds shall be the Applicable Auction Rate.

Adjustment to or Continuation of Long-Term Interest Rate.

(1) At any time, the City, by written direction to the Trustee, the Registrar, the Paying Agent, the Liquidity Provider, the Insurer and the Remarketing Agent, may elect that the 2004D Bonds shall bear, or continue to bear, interest at a Long-Term Interest Rate. The direction of the City required by the preceding sentence, (A) shall specify the duration of the Long-Term Interest Rate Period during which the 2004D Bonds shall bear interest at a Long-Term Interest Rate; (B) shall specify the effective date of such Long-Term Interest Rate Period, which date shall be (i) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (ii) in the case of an adjustment from a Long-Term Interest Rate Period to another Long-Term Interest Rate Period, the day immediately following the last day of the then-current Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption pursuant to the Series Resolution if such adjustment did not occur, (iii) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds, and (iv) in the case of an adjustment from a Short-Term Interest Rate Period, the day immediately following the last day of the Short-Term Interest Rate Period; (C) shall specify the last day of such Long-Term Interest Rate Period (which last day shall be either the day immediately prior to the maturity date of the 2004D Bonds, or a day which both immediately precedes a Business Day and is at least 181 days after the effective date thereof); (D) shall specify a date on or before which Owners are required to deliver such 2004D Bonds to be purchased (if other than such effective date) and (E) with respect to any such Long-Term Interest Rate Period, may specify different Redemption Prices, and different Long-Term Rate Periods for which such Redemption Prices are applicable, if approved by Bond Counsel as provided in the Series Resolution.

(2) Such direction of the City shall be accompanied by a Favorable Opinion of Bond Counsel and by a form of the notice to be mailed by the Registrar to the Owners of the 2004D Bonds.

(3) If, by the fifth Business Day preceding the 30th day prior to the last day of any Long-Term Interest Rate Period, the Trustee shall not have received notice of the City's election that, during the next succeeding Interest Rate Period, the 2004D Bonds shall bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate, another Long-Term Interest Rate, or at Bond Interest Term Rates, the next succeeding Interest Rate Period shall be a Weekly Interest Rate Period until such time as the interest rate on the 2004D Bonds shall be adjusted to a Daily Interest Rate, an Auction Rate, a Long-Term Interest Rate, or Bond Interest Term Rates and the 2004D Bonds shall be subject to mandatory purchase as provided in the Series Resolution on the first day of such Weekly Interest Rate Period.

(4) In the event that the City shall deliver to the Registrar, the Remarketing Agent, the Liquidity Provider and the Trustee on or before the date that the interest rate for any Long-Term Interest Rate Period is determined a notice to the effect that the City elects to rescind its election to have the 2004D Bonds bear interest at a Long-Term Interest Rate, then the interest rate on the 2004D Bonds shall not be adjusted to a Long-Term Interest Rate, and the 2004D Bonds shall bear interest at a Weekly Interest Rate or Bond Interest Term Rates as in effect before such event, or if the 2004D Bonds were to be adjusted from a Long-Term Interest Rate, then the 2004D Bonds shall bear interest at a Weekly Interest Rate for the period commencing on the date which would have been the effective date of such Long-Term Interest Rate Period, and the 2004D Bonds shall continue to be subject to mandatory purchase as provided in the Series Resolution on the day which would have been the effective date of such Long-Term Interest Rate Period. In the event that the City rescinds its election to convert the interest rate on the 2004D Bonds to a Long-Term Interest Rate as described in this paragraph, then the Registrar, promptly on receiving notification thereof, shall mail notice (prepared by the City and provided to the Registrar) to the Owners of the 2004D Bonds that the 2004D Bonds shall not be adjusted to a Long-Term Interest Rate but shall bear interest at a Weekly Interest Rate or Bond Interest Term Rates as in effect before such event, or if the 2004D Bonds are being adjusted from a Long-Term Interest Rate, then the 2004D Bonds shall bear interest at a Weekly Interest Rate on such date and shall be subject to mandatory tender as provided in the Series Resolution.

Adjustment from Long-Term Interest Rate Period. In addition to an adjustment from a Long-Term Interest Rate Period on the day immediately following the last day of the Long-Term Interest Rate Period, at any time during a Long Term Interest Rate Period (subject to the provisions set forth in the Series Resolution), the City may elect that the 2004D Bonds no longer shall bear interest at a Long-Term Interest Rate and shall instead bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate, a new Long-Term Interest Rate, or Bond Interest Term Rates, as specified in such election. In the written notice of such election, the City shall also specify the effective date of the new Interest Rate Period, which date shall be (1) a Business Day no earlier than the 30th day after the fifth Business Day following the date of receipt by the Trustee of the notice of election from the City, and (2) a day on which the 2004D Bonds shall be subject to optional redemption. The 2004D Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period thereof, at a Purchase Price equal to the optional Redemption Price which would be applicable on that date. Such notice also shall (i) describe generally the Liquidity Facility in effect or to be in effect on such adjustment from a Long-Term Interest Rate Period and identify the provider of such Liquidity Facility and whether in the case of each event of termination there is an obligation on the part of such Liquidity Provider to purchase

on mandatory tender of the 2004D Bonds pursuant to such Liquidity Facility, and if not, the events of termination which give rise to the suspension or termination of the obligation to purchase under such Liquidity Facility without an obligation to purchase on the mandatory tender of the 2004D Bonds, (ii) state the date of such termination or expiration, and the date of the proposed provision of such Liquidity Facility (which shall be on or before the date of such adjustment) if no Liquidity Facility for the Interest Rate Period following such Long-Term Interest Rate Period already is in effect, (iii) specify the ratings, if any, to be applicable to the 2004D Bonds after such adjustment or state that no ratings will be assigned to the 2004D Bonds subsequent to such adjustment. The 2004D Bonds shall be subject to mandatory tender for purchase on the effective date of the new Interest Rate Period thereof at a Purchase Price equal to the optional Redemption Price which would be applicable on that date.

Adjustment to Bond Interest Term Rates. At any time, the City, by written direction to the Trustee, the Insurer, the Paying Agent, the Remarketing Agent, each Rating Agency then rating the 2004D Bonds, the Liquidity Provider (if a Liquidity Facility is in effect), and, if the 2004D Bonds are being adjusted from the Auction Rate, to the Auction Agent, the Market Agent and each Broker-Dealer, may elect, subject to the Series Resolution, that the 2004D Bonds shall bear interest at Bond Interest Term Rates. Such direction of the City shall specify the effective date of the Short-Term Interest Rate Period (during which the 2004D Bonds shall bear interest at Bond Interest Term Rates), which shall be (A) a Business Day not earlier than the 30th day following the fifth Business Day after receipt by the Trustee of such direction, (B) in the case of an adjustment from a Long-Term Interest Rate Period, the day immediately following the last day of such Long-Term Interest Rate Period or a day on which the 2004D Bonds would otherwise be subject to optional redemption if such adjustment did not occur; provided that, if prior to the City's making such election any 2004D Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Short-Term Interest Rate Period shall not precede such redemption date, and (C) in the case of an adjustment from a Daily Interest Rate Period, the day immediately following the last day of such Interest Rate Period, and (D) in the case of an adjustment from an Auction Rate Period, an Interest Payment Date for the Auction Rate Bonds, and shall be accompanied by a Favorable Opinion of Bond Counsel. During each Short-Term Interest Rate Period commencing on the date so specified and ending, with respect to each 2004D Bond, on the day immediately preceding the effective date of the next succeeding Interest Rate Period with respect to such 2004D Bond, each 2004D Bond shall bear interest at a Bond Interest Term Rate during each Bond Interest Term for such 2004D Bond.

Adjustment from Short-Term Interest Rate Period. At any time during a Short-Term Interest Rate Period, the City may elect, as described in the Series Resolution, that the 2004D Bonds no longer shall bear interest at Bond Interest Term Rates and shall instead bear interest at a Daily Interest Rate, a Weekly Interest Rate, an Auction Rate or a Long-Term Interest Rate, as specified in such election.

The date on which all Bond Interest Terms determined shall end shall be the last day of the then current Short-Term Interest Rate Period and the day next succeeding such date shall be the effective date of the Daily Interest Rate Period, Weekly Interest Rate Period, Auction Rate Period or Long-Term Interest Rate Period elected by the City.

REDEMPTION OF 2004D BONDS

Optional Redemption During Daily Interest Rate Period, Weekly Interest Rate Period or Short-Term Interest Rate Period. 2004D Bonds bearing interest at the Weekly Interest Rate or Daily Interest Rate may be redeemed by the City in whole or in part on any Interest Payment Date, or if such Interest Payment Date is not a Business Day, on the next succeeding Business Day; *provided, however,* Liquidity Provider Bonds shall be redeemed by the City prior to the redemption of other 2004D Bonds. 2004D Bonds bearing interest at a Bond Interest Term Rate may be redeemed by the City in whole or in part on the day succeeding the last day of any Bond Interest Term. Any such redemption will be at the

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Redemption Price of 100% of the principal amount thereof; provided that any such redemption in part shall be in a minimum amount of \$100,000.

Optional Redemption During Auction Rate Period. On any Interest Payment Date during an Auction Rate Period, the 2004D Bonds are subject to optional redemption by the City, in whole in part, at a Redemption Price of 100% of the principal amount of the 2004D Bonds to be redeemed.

Optional Redemption at a Premium During Long-Term Interest Rate Period. During any Long-Term Interest Rate Period, the 2004D Bonds shall be subject to optional redemption on the first day thereof, in whole or in part, at the Redemption Price of par, and thereafter, during the periods specified below or, if approved by Bond Counsel, during the periods specified in the notice of the City to the Registrar, in whole or in part at any time, at the Redemption Prices (expressed as a percentage of principal amount) hereinafter indicated or specified in the notice of the City to the Registrar:

LENGTH OF LONG-TERM INTEREST RATE PERIOD (EXPRESSED IN YEARS)	REDEMPTION PRICES
Greater than 15	After 10 years at 101%, declining by 1% every year to 100%
Less than or equal to 15 and greater than 10	After 7 years at 101%, declining by 1% every year to 100%
Less than or equal to 10 and greater than 7	After 5 years at 101%, declining by 1% every year to 100%
Less than or equal to 7 and greater than 4	After 3 years at 101%, declining by 1% every year to 100%
Less than or equal to 4	After 2 years at 100%

Optional Redemption of Liquidity Provider Bonds. Liquidity Provider Bonds are subject to redemption, in whole or in part, at the Redemption Price of 100% of the principal amount thereof, without premium, on any Business Day.

Mandatory Sinking Fund Redemption. The 2004D Bonds are subject to mandatory sinking fund redemption before their scheduled maturity, on the Interest Payment Date or Dates (but only with respect to 2004D Bonds having such Interest Payment Date) on or immediately following July 1 of each year, commencing July 1, 2005, without premium, at the Redemption Price equal to 100% of the principal amount thereof being redeemed in the principal amounts set forth in the certificate of the Finance Director delivered under the Series Resolution.

Redemption of Liquidity Provider Bonds. Notwithstanding any other provision, Liquidity Provider Bonds shall be redeemed in accordance with the Liquidity Facility.

Selection of Bonds To Be Redeemed. If fewer than all the 2004D Bonds are to be redeemed, the Paying Agent shall select the 2004D Bonds to be redeemed from among the Outstanding 2004D Bonds, as set forth below, by lot or such other method as it deems in its sole discretion to be fair and appropriate, except that Liquidity Provider Bonds will be selected for redemption before any other 2004D Bonds. The Paying Agent shall make the selection from 2004D Bonds not previously called for redemption. Unless the 2004D Bonds bear interest at a Long-Term Interest Rate to maturity, the Paying Agent shall treat each Owner of 2004D Bonds as the owner of one 2004D Bond for purposes of selection for redemption, and

shall select 2004D Bonds for redemption by lot (a) from among the Owners of less than \$1,000,000 in aggregate principal amount, provided that if there are no such Owners, or if, after selection from among such Owners such selection has not resulted in redemption of a sufficient amount of 2004D Bonds, then (b) from among the Owners of \$1,000,000 or more in aggregate principal amount of 2004D Bonds. The Paying Agent shall, on or before the day on which notice of redemption is mailed to the Owners, give telephonic notice to the Remarketing Agent of the 2004D Bonds selected for redemption and the name of the Owner or Owners thereof. No portion of a 2004D Bond may be redeemed that would result in a 2004D Bond which is smaller than the then permitted minimum Authorized Denomination. Provisions of the Series Resolution that apply to 2004D Bonds called for redemption also apply to portions of 2004D Bonds called for redemption.

Notwithstanding anything to the contrary in the Series Resolution, there shall be no redemption of less than all of the 2004D Bonds which are not Liquidity Provider Bonds if there shall have occurred and be continuing an Event of Default.

Notice to Trustee; Notice of Redemption.

(a) If the City wishes that any 2004D Bonds be redeemed pursuant to any optional redemption provisions in the Series Resolution, the Finance Director shall notify the Trustee, the Paying Agent, the Bond Registrar, the Insurer, the Liquidity Provider and the Remarketing Agent in writing of the applicable provision, the redemption date, the principal amount of 2004D Bonds to be redeemed and other necessary particulars. The Finance Director shall give such notices at least 45 days but no more than 60 days before the redemption date.

(b) The Trustee shall prepare and the Paying Agent shall send notice of each redemption to each Owner whose 2004D Bonds are being redeemed, the City, the Remarketing Agent and the Liquidity Provider by first-class mail at least 30 days but not more than 60 days before each redemption. The notice shall identify the 2004D Bonds or portions thereof to be redeemed and shall state (i) the type of redemption and the redemption date, (ii) the Redemption Price, (iii) that the 2004D Bonds called for redemption must be surrendered to collect the Redemption Price, (iv) the address at which the 2004D Bonds must be surrendered, (v) that if, and only if, on the redemption date the 2004D Revenue Bond Redemption Account contains moneys sufficient to pay the Redemption Price, redemption of the 2004D Bonds will occur and interest on the 2004D Bonds called for redemption will cease to accrue on the redemption date, (vi) the CUSIP number of the 2004D Bonds and (vii) any condition to the redemption.

A copy of each notice of redemption shall also be sent by the Paying Agent by certified or registered mail to the Securities Depository two Business Days before mailing notice to Owners and to two national information services which disseminate redemption notices on the same date notices are mailed to the Owners, provided that the Paying Agent may, in its discretion, provide for overnight, telecopied or other form of notice to the Securities Depository acceptable to or requested by such depository. Notwithstanding the foregoing, in the event that the Securities Depository for the 2004D Bonds is DTC, the Trustee shall follow the procedure for redemption and notice as set forth in the Letter of Representations.

With respect to any 2004D Bonds to be redeemed which have not been presented for redemption within 60 days after the redemption date, the Trustee, at the expense of the City, shall prepare and the Paying Agent shall give a second notice of redemption to the Owner of any such 2004D Bonds which have not been presented for redemption, by first-class mail, within 30 days after the end of such 60 day period.

Failure by the Paying Agent to give any notice of redemption or any defect in such notice as to any particular 2004D Bonds shall not affect the validity of the call for redemption of any 2004D Bonds in respect of which no such failure or defect has occurred. Any notice mailed as provided in the Series Resolution shall be conclusively presumed to have been given whether or not actually received by any Owner.

Payment of Bonds Called for Redemption. On or before the date fixed for redemption the Trustee shall cause to be transferred from the Series 2004D Revenue Bond Redemption Account to the Paying Agent moneys sufficient to pay the Redemption Price of the 2004D Bonds called for redemption. On surrender to the Paying Agent, 2004D Bonds called for redemption shall be paid as provided in the Series Resolution at the Redemption Price provided for in the Series Resolution. On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the 2004D Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor. On such redemption date, if moneys sufficient to pay the Redemption Price of the 2004D Bonds to be redeemed are held by the Paying Agent, interest on the 2004D Bonds called for redemption shall cease to accrue; such 2004D Bonds shall cease to be entitled to any benefits or security under the Series Resolution or to be deemed outstanding; and the Owners of such 2004D Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof.

Bonds Redeemed in Part. On surrender of a 2004D Bond redeemed in part, the Bond Registrar shall authenticate for the Owner a new 2004D Bond or Bonds in Authorized Denominations equal in aggregate principal amount to the unredeemed portion of the 2004D Bond surrendered.

TENDER AND PURCHASE OF 2004D BONDS

Optional Tender During Daily Interest Rate Period or Weekly Interest Rate Period.

(i) During any Daily Interest Rate Period when a Book-Entry System is in effect, a Beneficial Owner (through its Participant) may tender its interest in a 2004D Bond (other than a Liquidity Provider Bond) for purchase on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase unless the date of purchase shall be an Interest Payment Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, on delivery to the Paying Agent and the Trustee at their Principal Office for delivery of notices, by no later than 11:00 a.m. on such Business Day, of an irrevocable written notice or telephonic notice, promptly confirmed in writing, which states the principal amount of such 2004D Bond and the date on which the same shall be purchased, which date shall be the date of delivery of such notice to the Paying Agent. Liquidity Provider Bonds may not be tendered for purchase at the option of the Owner thereof. Any notice delivered to the Paying agent after 11:00 a.m. shall be deemed to have been received on the next succeeding Business Day.

(ii) During any Weekly Interest Rate Period for when a Book-Entry system is in effect, a Beneficial Owner (through its Participant) may tender its interest in a 2004D Bond (other than a Liquidity Provider Bond) for purchase on any Business Day at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, from and including the Interest Accrual Date immediately preceding the date of purchase through and including the day immediately preceding the date of purchase unless the date of purchase shall be an Interest Payment Date, in which case at a Purchase Price equal to the principal amount thereof, payable in immediately available funds, on delivery to the Paying Agent, the Remarketing agent and the Trustee at their principal office for delivery of notices, by no later than 4:00 p.m. on such Business Day, of an irrevocable written notice, which states the principal amount of such 2004D

Bond and the date on which the same shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Paying Agent. Liquidity Provider Bonds may not be tendered for purchase at the option of the Owner thereof. Any notice delivered to the Paying Agent after 4:00 p.m. shall be deemed to have been received on the next succeeding Business Day.

Mandatory Tender for Purchase On Day Next Succeeding the Last Day of Each Bond Interest Term. On the day next succeeding the last day of each Bond Interest Term for a 2004D Bond, unless such day is the first day of a new Interest Rate Period (in which event such 2004D Bond shall be subject to mandatory purchase), such 2004D Bond shall be purchased from its Owner at a Purchase Price equal to the principal amount thereof payable in immediately available funds. The Purchase Price of any 2004D Bond so purchased shall be payable only on surrender of such 2004D Bond to the Paying Agent at its Principal Office for delivery of 2004D Bonds, accompanied by an instrument of transfer thereof, in form satisfactory to the Paying Agent, executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a participant of the Securities Transfer Agent Medallion Program or other similar program.

Mandatory Tender for Purchase on First Day of Each Interest Rate Period. The 2004D Bonds shall be subject to mandatory tender for purchase on the first day of each Interest Rate Period, or on the day which would have been the first day of an Interest Rate Period had one of the events specified in the Series Resolution not occurred which resulted in the interest rate on the 2004D Bonds not being adjusted, at a Purchase Price, payable in immediately available funds, equal to the principal amount of the 2004D Bonds or, in the case of a purchase on the first day of an Interest Rate Period which shall be preceded by a Long-Term Interest Rate Period and which shall commence before the day originally established as the last day of such preceding Long-Term Interest Rate Period, at a Purchase Price equal to the optional Redemption Price which would have been applicable to the 2004D Bonds on such mandatory purchase date if such preceding Long-Term Interest Rate Period had continued to the day originally established as its last day, plus accrued interest, if any. Notwithstanding the foregoing, Auction Rate Bonds shall not be purchased or deemed purchased if the interest rate on the 2004D Bonds is not adjusted due to a failure to comply with the Series Resolution, but rather shall bear interest at the Maximum Auction Interest Rate for the Auction Interest Period commencing on the proposed adjustment date.

Mandatory Tender for Purchase upon Termination, Expiration or Replacement of the Liquidity Facility. The Trustee will cause the Bond Registrar to give notice to the Owners that the 2004D Bonds will on the date specified in such notice cease to be payable from the Liquidity Facility as a result of (A) the termination (including receipt by the Trustee of written notice of an event of default under the Liquidity Facility) or expiration of the term of such Liquidity Facility, or (B) such Liquidity Facility being replaced with the effect that such 2004D Bond or 2004D Bonds are no longer payable from such Liquidity Facility. Such notice shall be given at least 30 days but no more than 45 days after the Trustee has received notice of the event described in (A) or (B) above. If at any time the Registrar gives such a notice, then on the fifth day preceding any such termination, expiration, reduction or modification of the Liquidity Facility or if such date is not a Business Day, the immediately preceding Business Day, the 2004D Bonds will be subject to mandatory tender for purchase at a Purchase Price equal to the principal amount thereof, plus accrued interest (if any); *provided, however*, that no mandatory tender for purchase will occur as a result of an "Event of Default" under the Liquidity Facility if the occurrence of such "Event of Default" results in the immediate suspension or termination of the obligation of the Liquidity Provider to purchase Bonds under the Liquidity Facility.

If the City delivers to the Trustee, the Paying Agent, the Remarketing Agent and the Bond Registrar, prior to the date notice of a termination, expiration or replacement of the Liquidity Facility is given by the Registrar, written evidence from Moody's if the 2004D Bonds are then rated by Moody's and S&P if the 2004D Bonds are then rated by S&P and Fitch if the 2004D Bonds are then rated by Fitch

to the effect that such termination, expiration or replacement, as the case may be, in and of itself, will not result in the withdrawal or reduction of the rating(s) then applicable to the 2004D Bonds, then the 2004D Bonds will not be subject to mandatory tender for purchase as provided in the preceding paragraph solely as a result of such termination, expiration or replacement. The Trustee shall nevertheless cause the Bond Registrar to give notice to the Owners of the 2004D Bonds that it has received an Alternate Liquidity Facility conforming with the Series Resolution and the name of the new Liquidity Provider at least 14 days before the date the replacement takes effect.

Delivery of Bonds to be Purchased. For payment of the Purchase Price of any 2004D Bond required to be purchased pursuant to the Series Resolution on the purchase date specified in the applicable notice, such 2004D Bond must be delivered, at or before 10:00 a.m., New York City time, on the date specified in such notice, to the Paying Agent, accompanied by an instrument of transfer thereof, in form satisfactory to the Paying Agent, executed in blank by the Owner thereof or his duly authorized attorney, with such signature guaranteed by a participant of the Securities Transfer Agent Medallion Program or other similar program. In the event any such 2004D Bond is delivered after 10:00 a.m. on such date, payment of the Purchase Price of such 2004D Bond need not be made until the Business Day following the date of delivery of such 2004D Bond, but such 2004D Bond shall nonetheless be deemed to have been purchased on the date specified in such notice and no interest shall accrue thereon after such date.

Irrevocable Notice Deemed to be Tender of Bond: Undelivered Bonds.

(i) The giving of notice by an Owner of a 2004D Bond as provided in the Series Resolution shall constitute the irrevocable tender for purchase of each such 2004D Bond with respect to which such notice shall have been given, regardless of whether such 2004D Bond is delivered to the Paying Agent for purchase on the relevant purchase date as provided in the Series Resolution.

(ii) The Paying Agent may refuse to accept delivery of any 2004D Bonds for which a proper instrument of transfer has not been provided; such refusal, however, shall not affect the validity of the purchase of such 2004D Bond as herein described. If any Owner of a 2004D Bond who shall have given notice of tender of purchase pursuant to the Series Resolution shall fail to deliver such 2004D Bond to the Paying Agent at the place and on the applicable date and at the time specified, or shall fail to deliver such 2004D Bond properly endorsed, such 2004D Bond shall constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bonds (including the Undelivered Bonds referred to in the Series Resolution are available for payment to the Owner thereof on the date and at the time specified, from and after the date and time of that required delivery, (1) each Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding under the Bond Order and the Series Resolution; (2) interest shall no longer accrue thereon; and (3) funds in the amount of the Purchase Price of each such Undelivered Bond shall be held by the Paying Agent for the benefit of the Owner thereof (provided that the Owner shall have no right to any investment proceeds derived from such funds), to be paid on delivery (and proper endorsement) of such Undelivered Bond to the Paying Agent at its principal office for delivery of 2004D Bonds. Any funds held by the Paying Agent as described in clause (3) of the preceding sentence shall be held uninvested and not commingled.

REMARKETING OF PURCHASED 2004D BONDS; NOTICE OF INTEREST RATES

On notice of the tender for purchase of 2004D Bonds, the Remarketing Agent shall offer for sale and use its best efforts to sell such 2004D Bonds, any such sale to be made on the date of such purchase in accordance with the Series Resolution at a price equal to the principal amount thereof plus accrued interest, if any; *provided, however*, that the Remarketing Agent shall not remarket any 2004D Bonds

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unless a Liquidity Facility is then in effect with respect to such 2004D Bonds or unless such 2004D Bonds are being remarketed in a Long-Term Interest Rate Period, Auction Rate Period, or a Short Term Interest Rate Period that extends to the maturity of the 2004D Bonds. The Remarketing Agent shall remarket Liquidity Provider Bonds before any other 2004D Bonds. The Remarketing Agent agrees that it shall not sell any 2004D Bonds purchased pursuant to the Series Resolution to the City, or to any person who controls, is controlled by, or under common control with, the City.

The Remarketing Agent shall determine the rate of interest to be borne by the 2004D Bonds bearing interest at a Daily Interest Rate, a Weekly Interest Rate or a Long-Term Interest Rate during each Daily Interest Rate Period, Weekly Interest Rate Period and Long-Term Interest Rate Period and by each 2004D Bond during each Bond Interest Term for such 2004D Bond and the Bond Interest Terms for each 2004D Bond during each Short-Term Interest Rate Period and shall furnish to the City, the LGC, the Trustee and the Paying Agent (1) on each Friday, a notice of the Daily Interest Rates for that week, (2) on each Wednesday, notice of the Weekly Interest Rate, (3) on the date of determination thereof, notice of each Bond Interest Term Rate and Bond Interest Term, and (4) on the Business Day next succeeding the date of determination, notice of each Long-Term Interest Rate, by telex, telephone or telecopy, promptly confirmed in writing, or shall make such information available to such parties by readily accessible Electronic Means.

The Remarketing Agent shall give the Liquidity Provider, the Trustee and the Paying Agent written or telephonic notice (promptly confirmed by telex or telecopier) not later than (i) 4:00 p.m., New York time, on the Business Day preceding the Business Day on which the 2004D Bonds (other than 2004D Bonds which bear interest at the Daily Interest Rate) are to be purchased pursuant to the Series Resolution, or (ii) 12:15 p.m., New York time, on the Business Day on which the 2004D Bonds (A) are to be purchased pursuant to the Series Resolution, or (B) with respect to such 2004D Bonds which bear interest at the Daily Interest Rate, of the aggregate principal amount of 2004D Bonds subject to purchase which have been sold by the Remarketing Agent. The Remarketing Agent shall give telephonic or telegraphic notice, promptly confirmed by a written notice, to the City, the Trustee, the Registrar and the Paying Agent on each date on which 2004D Bonds shall have been purchased pursuant to the Series Resolution, specifying the principal amount of 2004D Bonds, if any, sold by it pursuant to the Series Resolution along with a list of such purchasers showing the names and denominations in which such 2004D Bonds shall be registered, and the addresses and social security or taxpayer identification numbers of such purchasers.

AMENDMENTS

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

The Series Resolution permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the 2004D Bonds then Outstanding. The Series Resolution also contains provisions permitting the City and the Trustee to enter into amendments to the Series Resolution without the consent of the Owners of the 2004D Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the 2004 Fixed Rate Bonds.

So long as the Policy is in effect and the Insurer has not defaulted thereunder, (1) the consent of the Insurer will be required to amend, modify or supplement the Series Resolution, and (2) the Insurer is deemed to be the sole Owner of the 2004D Bonds insured by it for the purpose of exercising any voting

August 23, 2004

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right or privilege or giving any consent or direction or taking any other action that the Owners of the 2004D Bonds are entitled to take under the Bond Order or the Series Resolution

MISCELLANEOUS

Any consent or request by the Owner of this 2004D Bond shall be conclusive and binding upon such Owner and upon all future Owners of this 2004D Bond and of any 2004D Bond issued upon the transfer of this 2004D Bond whether or not notation of such consent or request is made upon this 2004D Bond.

This 2004D Bond is issued with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this 2004D Bond and the execution of the Bond Order and the Series Resolution have happened, existed and have been performed as so required.

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

IN WITNESS WHEREOF, the City of Charlotte, North Carolina has caused this 2004D Bond to be executed with the manual or facsimile signatures of the Mayor and City Clerk, and has caused the City's official seal or a facsimile thereof to be impressed or imprinted hereon.

CITY OF CHARLOTTE, NORTH CAROLINA

By 
Mayor

[SEAL]

By: 
City Clerk

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

JANICE T. BURKE
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This 2004D Bond is one of the Variable Rate Airport Revenue Bonds, Series 2004D designated herein issued under the provisions of the within-mentioned Bond Order and Series Resolution.

WACHOVIA BANK, NATIONAL ASSOCIATION
as Bond Registrar

By: _____
Assistant Vice President

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "*Insurer*") has issued a policy containing the following provisions, such policy being on file at Wachovia Bank, National Asserption, Charlotte, North Carolina.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City to Wachovia Bank, National or its successor (the "*Paying Agent*") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

§[] /
City of Charlotte, North Carolina
Variable Rate Demand Airport Revenue Bonds, Series 2004B

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the City, or any designee of the City for such purpose. The term owner shall not include the City or any party whose agreement with the City constitutes the underlying security for the Obligations.

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Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504, Attention: Surveillance, and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

The policy has been endorsed as follows:

Notwithstanding the terms and conditions contained in the Policy, it is further understood that: (1) the Policy shall be canceled upon delivery to the Paying Agent of an Alternate Credit Facility in accordance with the provisions of the Amended and Restated Series Resolution (the "*Resolution*") adopted by the City on August 23, 2004; provided, however, that the Policy shall remain in effect with respect to any claims for Insured Amounts as described in Clause (ii) of the first paragraph of the Policy resulting from payments made by or on behalf of the City prior to the effective date of the cancellation of the Policy; (2) the Policy shall guarantee to the Paying Agent payment of the Liquidity Provider Interest Rate Differential (as defined in the Resolution) only on the first Business Day of the month (as defined in the Resolution); and (3) the Policy shall guarantee payment of the principal and interest as due on the Obligations which constitute Liquidity Provider Bonds (as defined in the Resolution) upon the final redemption date in accordance with Section 402(b) of the Resolution.

This endorsement forms a part of the Policy to which it is attached, effective on the inception date of the Policy.

MBIA INSURANCE CORPORATION

ASSIGNMENT

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

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

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

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

Dated: _____

Signature guaranteed by:

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

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

TRANSFER FEE MAY BE REQUIRED

EXHIBIT B

NOTICE OF OPTIONAL TENDER

EXHIBIT B

NOTICE OF OPTIONAL TENDER

Date _____

Wachovia Bank, National Association
as paying agent (the "**Paying Agent**") and trustee
401 South Tryon Street, 12th Floor
Charlotte, North Carolina 28288-1179
Attention: Corporate Trust – Bond Administration

Re: City of Charlotte Variable Rate Demand Airport Revenue Bonds, Series 2004D
numbered _____, CUSIP _____, in the principal amount of \$ _____
(the "2004D Bonds")

1) The undersigned hereby certifies that it is the lawful registered owner of the above referenced 2004D Bonds on the date hereof and that such Bonds are free and clear of any liens or encumbrances.

2) Pursuant to the terms of the Series Resolution adopted on August 23, 2004, the undersigned hereby irrevocably requests the purchase of the 2004D Bonds.

3) The date on which the 2004D Bonds will be purchased is _____.
[Such date must be at least 7 days after receipt of this notice by the Paying Agent.]

4) The name and address of the person(s) to whom the proceeds of the purchase of the 2004D Bonds should be paid is _____.

5) The undersigned hereby acknowledges that, even if it fails to deliver such 2004D Bonds, the 2004D Bonds will nevertheless be deemed tendered and will cease to be outstanding and will cease to bear interest.

Name: _____

Signature: _____

Signature Guaranteed:

Notice: Signature must be
guaranteed by an institution
which is a participant in the
securities transfer agent
medallion stamp program
("STAMP") or similar program

cc: Citigroup Global Markets Inc., as remarketing agent

EXHIBIT C

TERMS OF THE AUCTION RATE BONDS

Section 1. General. The Auction Rate Bonds shall be dated, shall bear interest, and shall mature as provided in the Series Resolution to which this Exhibit C is annexed.

Section 2. Redemption Provisions. The Auction Rate Bonds are subject to redemption as set forth in the Series Resolution.

Section 3. Timing of Actions. Whenever in this Exhibit C there is specified a time of day at or by which a certain action must be taken, such time shall be local time in New York City, except as otherwise specifically provided in this Exhibit C. If the date for making any payment or the last day for the performance of any act or the exercise of any right provided in this Exhibit C shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Exhibit C, except as otherwise specifically provided herein.

Section 4. Payments With Respect to Auction Rate Bonds.

(a) General. Interest with respect to the Auction Rate Bonds shall accrue from and including the date on which the interest rate on the 2004D Bonds is converted to the Auction Rate Period or from and including the most recent Interest Payment Date for Auction Rate Bonds to which interest has been paid or duly provided for.

(b) Interest Payable. The Trustee shall determine the aggregate amount of interest payable in accordance with subsection (d) below with respect to the Auction Rate Bonds on each Interest Payment Date. The Trustee shall promptly notify the Securities Depository of its calculations, as provided in Section 6(b)(2) of this Exhibit C.

(c) Applicable Auction Rate. Interest on the Auction Rate Bonds shall be computed on the basis of a 360-day year for the actual number of days elapsed. The Applicable Auction Rate for each Auction Interest Period shall be the Auction Rate; provided that

(1) if a notice of a proposed adjustment in the percentages used to determine the Maximum Auction Interest Rate, the All-Hold Rate and the Non-Payment Rate has been given by the Market Agent in accordance with Section 7(b) of this Exhibit C and because of a failure to satisfy either of the conditions set forth in clause (1) or (2) of Section 7(c) of this Exhibit C such adjustment shall not have taken effect, then an Auction shall not be held on the Auction Date immediately preceding the next succeeding Interest Payment Date and the Applicable Auction Rate for such next succeeding Auction Interest Period shall equal the Maximum Auction Interest Rate on such Auction Date; and

(2) at any time that the Auction Rate is equal to the Maximum Auction Interest Rate for 90 consecutive days, the City shall promptly take steps necessary to convert the interest rate on the 2004D Bonds to a different interest rate mode acceptable to the Insurer.

(3) if, on any Auction Date, an Auction is not held for any reason, other than as otherwise provided herein, then the Applicable Auction Rate for the next succeeding Auction Interest Period shall equal the Auction Rate currently in effect for the next Auction Interest Period.

Notwithstanding the foregoing:

(x) if the ownership of Auction Rate Bonds is no longer maintained in book-entry form by the Securities Depository, the Applicable Auction Rate for any Auction Interest Period commencing after the delivery of certificates representing Auction Rate Bonds shall equal the Maximum Auction Interest Rate; or

(y) at any time that the Auction Rate is equal to the Maximum Auction Interest Rate for 90 consecutive days, the City shall promptly take steps necessary to convert the interest rate on the 2004D Bonds to a different interest rate mode acceptable to the Insurer.

(z) if a failure to pay principal of and interest on the Auction Rate Bonds (by the City and the Insurer under the Policy) (a "Payment Default") has occurred, the Applicable Auction Rate for the Auction Interest Period commencing on or immediately after such Payment Default, and for each Auction Interest Period thereafter, to and including the Auction Interest Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured in accordance with this Exhibit C, shall equal the Non-Payment Rate on the first day of each such Auction Interest Period, provided that if an Auction occurred on the Business Day immediately preceding any such Auction Interest Period, the Applicable Auction Rate for such Auction Interest Period shall be the Non-Payment Rate.

(d) Computation of Interest Distributable on Auction Rate Bonds. The amount of interest distributable to Beneficial Owners of Auction Rate Bonds, in respect of each \$100,000 in principal amount thereof for any Auction Interest Period or smaller Authorized Denomination, if smaller, shall be calculated by the Trustee by applying the Applicable Auction Rate for such Auction Interest Period or part thereof to the principal amount of \$100,000, multiplying such sum by the actual number of days in the Auction Interest Period or part thereof concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upward).

(e) Defaulted Interest.

(1) The Trustee shall determine, not later than 2:00 P.M. on each Interest Payment Date, whether a Payment Default has occurred. If a Payment Default has occurred, the Trustee shall, not later than 2:30 p.m. on such Business Day, send a Notice of Payment Default to the Auction Agent and each Broker-Dealer by telecopy or similar means and, if such Payment Default is cured, the Trustee shall immediately send a Notice of Cure of Payment Default to the Auction Agent by telecopy or similar means.

(2) Defaulted interest shall forthwith cease to be payable to the Beneficial Owner on the relevant Record Date by virtue of having been such Beneficial Owner and such defaulted interest is payable to the Person in whose name the Auction Rate Bonds are registered at the close of business on a special record date set therefor by the Trustee, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. The Trustee shall promptly notify the City of the special record date and at the City's expense mail to each Beneficial Owner of an Auction Rate Bond as to which defaulted interest is payable, not less than ten days before the special record date, of the date of the proposed payment of such defaulted interest.

Section 5. Calculation of Maximum Auction Interest Rate, All-Hold Rate and Non-Payment Rate.

(a) The Auction Agent shall calculate the Maximum Auction Interest Rate and the All-Hold Rate on each Auction Date. If the ownership of the Auction Rate Bonds is no longer maintained in book-

entry form by the Securities Depository, the Auction Agent shall calculate the Maximum Auction Interest Rate on the Business Day immediately preceding each Interest Payment Date after the delivery of certificated 2004D Bonds representing the Auction Rate Bonds. If a Payment Default has occurred, the Trustee shall calculate the Non-Payment Rate on the first day of (1) each Auction Interest Period commencing after the occurrence and during the continuance of such Payment Default and (2) any Auction Interest Period commencing less than two Business Days after the cure of any Payment Default. The Auction Agent shall determine the "AA" Composite Commercial Paper Rate for each Auction Interest Period other than the first Auction Interest Period; provided, that if the ownership of the Auction Rate Bonds is no longer maintained in book-entry form, or if a Payment Default has occurred, then the Trustee shall determine the "AA" Composite Commercial Paper Rate for each such Auction Interest Period. The determination by the Trustee or the Auction Agent, as the case may be, of the "AA" Composite Commercial Paper Rate, Maximum Auction Interest Rate, All-Hold Rate and Non-Payment Rate shall (in the absence of manifest error) be final and binding on all Beneficial Owners and all other parties. If calculated or determined by the Auction Agent, the Auction Agent shall promptly advise the Trustee of the "AA" Composite Commercial Paper Rate, Maximum Auction Interest Rate, All-Hold Rate and Non-Payment Rate.

(b) If the Federal Reserve Bank of New York has not made available its 30-day commercial paper rate for purposes of determining the "AA" Composite Commercial Paper Rate, the Auction Agent or the Trustee, as the case may be, shall request that the City appoint at least three commercial paper dealers to provide commercial paper quotes for purposes of determining the "AA" Composite Commercial Paper Rate; and if the City shall fail to make any such appointment within three Business Days following such request, the Auction Agent or the Trustee, as the case may be, shall appoint such commercial paper dealers and notify the City of such appointment.

Section 6. Notification of Rates, Amounts and Payment Dates.

(a) So long as the ownership of Auction Rate Bonds is maintained in book-entry form by the Securities Depository, the Trustee shall advise the Securities Depository of each Regular Record Date for such Auction Rate Bonds at least two Business Days prior thereto and request, by 4:00 p.m. on the Business Day immediately preceding each Regular Record Date, that the Securities Depository deliver to the Trustee a position listing showing, at the close of business on the applicable Regular Record Date, the aggregate principal amount of Auction Rate Bonds. On the Business Day following each such Regular Record Date, the Trustee has obtained such a position listing from the Securities Depository. On the basis of such position listing, the Trustee shall determine the amount of interest distributable on the next succeeding Interest Payment Date to the Beneficial Owners of the Auction Rate Bonds and, in the case of the stated maturity date, of the principal amount payable on the stated maturity date to the Beneficial Owners of the Auction Rate Bonds.

(b) On the first day of the first Auction Rate Period, or as soon as practicable thereafter, and on the Business Day preceding each Interest Payment Date, the Trustee shall advise:

(1) the Auction Agent, so long as no Payment Default has occurred and is continuing and the ownership of the Auction Rate Bonds is maintained in book-entry form by the Securities Depository, of such next Interest Payment Date; and

(2) the Securities Depository, so long as the ownership of the Auction Rate Bonds is maintained in book-entry form by the Securities Depository, of the amount of interest distributable in respect of each \$100,000 in principal amount (taken without rounding to the nearest .000001) of the Auction Rate Bonds for any Auction Interest Period or part thereof, calculated in accordance with Section 4(d) of this Exhibit C.

(3) If any day scheduled to be an Interest Payment Date shall be changed after the Trustee has given the notice referred to in clause (1) above, the Trustee shall, by such means as the Trustee deems practicable, give immediate notice of such change to the Auction Agent, and each Broker-Dealer, so long as no Payment Default has occurred and is continuing and the ownership of the Auction Rate Bonds is maintained in book-entry form by the Securities Depository.

Section 7. Adjustment in Percentages.

(a) The Market Agent, with the prior written consent of the Insurer, shall adjust the percentage used in determining the All-Hold Rate, the Applicable Percentages used in determining the Maximum Auction Interest Rate and the percentage of the Index used in calculating the Non-Payment Rate, if any such adjustment is necessary, in the judgment of the Market Agent, to reflect any Change of Tax Law or market convention such that Auction Rate Bonds bearing interest at the Maximum Auction Interest Rate, Auction Rate Bonds bearing interest at the All-Hold Rate and Auction Rate Bonds bearing interest at the Non-Payment Rate in each case have substantially the same market value after such Change of Tax Law or market convention as before such Change of Tax Law or market convention. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Tax Law, into account: (1) short-term taxable and tax-exempt market rates and indices of such short-term rates; (2) the market supply and demand for short-term tax-exempt securities; (3) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to that of the Auction Rate Bonds; (4) general economic conditions; and (5) economic and financial factors present in the securities industry that may affect, or that may be relevant to, the Auction Rate Bonds.

(b) The Market Agent shall communicate its determination to adjust the percentage used in determining the All-Hold Rate, the Applicable Percentages used in determining the Maximum Auction Interest Rate and the percentage of the Index used in calculating the Non-Payment Rate under subsection (a) above by means of a Notice of Proposed Percentage Change delivered in writing at least 10 days prior to the Auction Date on which the Market Agent desires to effect the change, to the City, the Insurer, the Trustee and the Auction Agent. Such notice is effective only if it is accompanied by the form of a Favorable Opinion of Bond Counsel to the effect that such adjustment is authorized by the Series Resolution and will not have an adverse effect on the exclusion of interest on any of the Auction Rate Bonds from gross income for federal income tax purposes.

(c) An adjustment in the percentage used to determine the All-Hold Rate, the Applicable Percentages used to determine the Maximum Auction Interest Rate and the percentage of the Index used to determine the Non-Payment Rate shall take effect on an Auction Date only if:

(1) The Trustee, the Insurer and the Auction Agent receive, by 11:00 a.m. on the Business Day immediately preceding such Auction Date, a Notice of Percentage Change from the Market Agent by telecopy or similar means, (A) authorizing the adjustment of the percentage used to determine the All-Hold Rate, the Applicable Percentages used to determine the Maximum Auction Interest Rate and the percentage of the Index used to determine the Non-Payment Rate which shall be specified in such authorization, and (B) confirming that Bond Counsel expects to be able to give, on or prior to such Auction Date, a Favorable Opinion of Bond Counsel to the effect that the adjustment in the percentage used to determine the All-Hold Rate, the Applicable Percentages used to determine the Maximum Auction Interest Rate and the percentage of the Index used to determine the Non-Payment Rate is authorized by the Series Resolution and will not have an adverse effect on the exclusion of interest on the Auction Rate Bonds from gross income for federal income tax purposes;

(2) The Trustee and the Auction Agent receive by 9:30 a.m. on such Auction Date, a Favorable Opinion of Bond Counsel to the effect that the adjustment in the percentage used to determine the All-Hold Rate, the Applicable Percentages used to determine Maximum Auction Interest Rate and the percentage of the Index used to determine the Non-Payment Rate is authorized by the Series Resolution and will not have an adverse effect on the exclusion of interest on the Auction Rate Bonds from gross income for federal income tax purposes; and

(3) The Insurer has given its prior written consent.

If any of the conditions referred to in (1), (2) or (3) above is not met, the rate of interest on the Auction Rate Bonds for the next succeeding Auction Interest Period, except as provided in Section 4(c) of this Exhibit C, shall be the Maximum Auction Interest Rate until cured.

Section 8. Market Agent.

(a) The Trustee, as agent for the Beneficial Owners of the Auction Rate Bonds, is hereby directed to enter into the Market Agent Agreement with the Market Agent, such Market Agent to be appointed by the City. The Market Agent shall serve as such under the terms and provisions hereof and of the Market Agent Agreement. The Market Agent shall be a member of the National Association of Securities Dealers, Inc. having a capitalization of at least \$25,000,000 and be authorized by law to perform all the duties imposed on it by the Series Resolution and the Market Agent Agreement. The Market Agent may be removed by the Trustee at any time on and under the written direction of (1) the City or (2) the Insurer, by an instrument signed by the Trustee and filed with the Market Agent, the Auction Agent, the City and the LGC; provided that such removal shall not take effect until the appointment by the Insurer or the Trustee of a Substitute Market Agent. The Market Agent may resign on 30 days' written notice delivered to the Trustee, the Broker-Dealer and the Auction Agent, provided that such resignation shall not take effect until the appointment by the Insurer or the Trustee of a Substitute Market Agent. If the Trustee is unable to appoint a Substitute Market Agent within 30 days following receipt of such written notice of resignation, the Market Agent may petition the appropriate court having jurisdiction to appoint a Substitute Market Agent. The Trustee shall not be liable for any action taken, suffered or omitted by the Market Agent.

(b) The Market Agent may be removed at any time, at the written request of the City, with the consent of the Insurer, for any breach of its obligations hereunder or under the Market Agent Agreement.

Section 9. Auction Agent.

(a) The Trustee, as agent for the Beneficial Owners of the Auction Rate Bonds, is hereby directed to enter into the Auction Agent Agreement with the Auction Agent. Any Substitute Auction Agent shall be (1) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, New York, or such other location as approved by the Trustee and the Market Agent in writing and having a combined capital stock or surplus of at least \$15,000,000, or (2) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$15,000,000, and, in either case, authorized by law to perform all the duties imposed on it hereunder and under the Auction Agent Agreement and (3) acceptable to the Insurer. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Series Resolution by giving at least 90 days' notice to the Trustee, the City, the Insurer, the LGC and the Market Agent. The Auction Agent may be removed at any time by the Trustee, on the written direction of (1) the City or (2) the Insurer, by an instrument signed by the Trustee and filed with the Auction Agent, the Market Agent, the Insurer, the City and the LGC on at least 30 days' notice. Neither resignation nor removal of the Auction Agent under the preceding two sentences is effective until and unless a Substitute Auction Agent, acceptable to the

Insurer, has been appointed and has accepted such appointment. If required by the Market Agent, a Substitute Auction Agent Agreement shall be entered into with a Substitute Auction Agent. Notwithstanding the foregoing, the Auction Agent may terminate the Auction Agent Agreement if, within 45 days after notifying the Trustee, the City, the Insurer, the LGC and the Market Agent in writing that it has not received payment of any Auction Agent Fee due it in accordance with the terms of the Auction Agent Agreement, the Auction Agent does not receive such payment. The Insurer may make the payment of Auction Agent Fees and expenses due and payable to the Auction Agent. The Trustee shall not be liable for any action taken, suffered or omitted by the Auction Agent.

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

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

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

Section 10. Broker-Dealers.

(a) The Auction Agent shall enter into a Broker-Dealer Agreement with the Broker-Dealer specified by the City as the initial Broker-Dealer. The City may, from time to time, approve one or more additional Persons to serve as Broker-Dealers under Broker-Dealer Agreements and is responsible for providing such Broker-Dealer Agreements to the Trustee and the Auction Agent.

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

Section 11. Provisions Relating to Auctions. The City shall not be responsible for any failure of a Broker-Dealer to submit an order to the Auction Agent on behalf of any Existing Owner or Potential Owner, nor shall the City be responsible for failure by any Securities Depository to effect any transfer or to provide the Auction Agent with current information regarding registration of transfers. The City has no liability if there are not Sufficient Clearing Bids from time to time under the Auction Procedures.

Section 12. Changes in Auction Interest Period or Auction Date.

(a) Changes in Auction Interest Period.

(1) The Auction Interest Period for the Auction Rate Bonds with respect to each Auction Rate Period, if any, for the Auction Rate Bonds initially shall be either a seven-day period or a 35-day period, in each case as announced by the City in its notice of the proposed conversion to such Auction Rate Period as provided in Section 2.06(c) of the Series Resolution.

(2) During any Auction Rate Period, the City may, from time to time, on any Interest Payment Date, with the prior written consent of the Insurer, change the length of the Auction Interest Period with respect to all of the Auction Rate Bonds in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Interest Period and the interest rate borne by the Auction Rate Bonds. The City shall initiate the change in the length and/or day of commencement of the Auction Interest Period by giving written notice to the Trustee, the LGC, the Insurer, the Auction Agent, the Broker-Dealer, the Market Agent and the Securities Depository that the Auction Interest Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Interest Period.

(3) Any such changed Auction Interest Period shall be for a period of seven days or 35 days and shall be for all of the Auction Rate Bonds, and any such change in the day of commencement of an Auction Interest Period shall be for all of the Auction Rate Bonds.

(4) No change in the length or the day of commencement of the Auction Interest Period shall be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in clause (2) of this subsection (a) and the Auction immediately preceding the proposed change.

(5) The change in length of the Auction Interest Period shall take effect only if Sufficient Clearing Bids exist at the Auction on the Auction Date for the first such Auction Interest Period. For purposes of the Auction for such first Auction Interest Period only, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Auction Rate Bonds except to the extent such Existing Owner submits an Order with respect to such Auction Rate Bonds. If the condition referred to in the first sentence of this clause (5) is not met, the Auction Rate for the next Auction Interest Period shall be the Maximum Auction Interest Rate, and the Auction Interest Period shall be the Auction Interest Period already in effect.

(6) At any time that the Auction Rate is equal to the Maximum Auction Interest Rate for 90 consecutive days, the City shall promptly take steps necessary to convert the interest rate on the 2004D Bonds to a different interest rate mode acceptable to the Insurer.

(b) Changes in Auction Date. During any Auction Rate Period, the Auction Agent, with the written consent of the City, may specify an earlier Auction Date for any Business Day earlier (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne by the Auction Rate Bonds. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Interest Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the City, the Insurer, the Broker-Dealer and the Securities Depository.

Section 13. Amendments. The provisions of this Exhibit C and the definitions of terms used herein (including, without limitation, the definitions of "AA" Composite Commercial Rate, Applicable Auction Rate, Applicable Percentage, All-Hold Rate, Maximum Auction Interest Rate and Non-Payment Rate) may be amended, with the prior written consent of the Insurer, (1) on obtaining a Rating Confirmation Notice or (2) by obtaining the consent of the Beneficial Owners of all Auction Rate Bonds. In the case of clause (2) above, the Trustee shall mail notice of such amendment to the Beneficial Owners of the Auction Rate Bonds, and if, on the first Auction Date occurring at least 30 days after the date on which the Trustee mailed such notice, Sufficient Clearing Bids (as defined in the Auction Agent Agreement) have been received or all of the Auction Rate Bonds are subject to Submitted Hold Orders (as

August 23, 2004

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defined in the Auction Agent Agreement), the proposed amendment shall be deemed to have been consented to by the Beneficial Owners of all Auction Rate Bonds. As an additional condition precedent to any such amendment under the provisions of this Section, there shall be delivered to the City, the Insurer and the Trustee a Favorable Opinion of Bond Counsel to the effect that such amendment will not adversely affect the validity of the Auction Rate Bonds or the exclusion of interest on any of the Auction Rate Bonds from gross income for federal income tax purposes. Written notice of each such amendment shall be delivered by the City to the Trustee, the LGC, the Auction Agent, the Market Agent, the Insurer, each Rating Agency then rating the Auction Rate Bonds, and each Broker-Dealer.

Section 14. Agreement of Owners. By purchasing Auction Rate Bonds, whether in an Auction or otherwise, each prospective purchaser of Auction Rate Bonds or its Broker-Dealer will be deemed to have agreed to the provisions for the replacement of the Auction Agent, as provided in the Series Resolution, and relevant agreements among the City, the Trustee, the Auction Agent, the Market Agent and the Broker-Dealers, as appropriate.

Section 15. Conversion of Auction Rate Bonds. At the option of the City, Auction Rate Bonds may be converted from Auction Rate Bonds to 2004D Bonds bearing interest at a Daily Interest Rate, a Weekly Interest Rate, Bond Interest Term Rates or a Long-Term Interest Rate as provided in the Series Resolution.

SCHEDULE 2 TO EXHIBIT C

NOTICE OF CURE OF PAYMENT DEFAULT

City of Union, North Carolina
Variable Rate Enterprise Systems Revenue Bonds, Series 2004D
(Auction Rate Bonds)

NOTICE IS HEREBY GIVEN that the Payment Default with respect to the Auction Rate Bonds identified above has been waived or cured. The next Interest Payment Date is _____ and the next scheduled Auction Date is _____.

Dated: _____

WACHOVIA BANK, NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Agent

This page was not used.

Extract of Minutes of a regular meeting of the City Council of the City of Charlotte, North Carolina held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004.

* * *

A regular meeting of the City Council of the City of Charlotte, North Carolina (the "*City Council*") was held in the Meeting Chamber at the Charlotte-Mecklenburg County Governmental Center, 600 East Fourth Street, Charlotte, North Carolina 28202, at 7:00 p.m. on August 23, 2004 (the "*Meeting*"), after proper notice, and was called to order by the Mayor, and upon the roll being called, the following members of the City Council answered present: Mayor McCrory, Councilmembers Burgess, Cannon, Carter, Graham, Kinsey, Lassiter, Mitchell, Mumford, Tabor, and Turner

The following members of the City Council were absent: Councilmember Lochman

Also present: City Manager Syfer, City Attorney McCarley, Assistant City Clerk Merritt

Councilmember Burgess introduced the following resolution (the "*Resolution*"), a summary of which had been provided to each Council member, a copy of which was available with the City Clerk and which was read by title:

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF AIRPORT REVENUE BONDS IN THREE SERIES OF THE CITY OF CHARLOTTE (THE "2004 BONDS"); THE PRIVATE SALE OF THE 2004 BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS.

On motion of Councilmember Burgess, seconded by Councilmember Mitchell, the foregoing resolution entitled "A SERIES RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF AIRPORT REVENUE BONDS IN THREE SERIES OF THE CITY OF CHARLOTTE (THE "2004 BONDS"); THE PRIVATE SALE OF THE 2004 BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS" was duly adopted by the following vote: Unanimous

A SERIES RESOLUTION AUTHORIZING THE ISSUANCE UNDER THE PROVISIONS OF THE STATE AND LOCAL GOVERNMENT REVENUE BOND ACT, AS AMENDED, OF AIRPORT REVENUE BONDS IN THREE SERIES OF THE CITY OF CHARLOTTE (THE "2004 BONDS"); THE PRIVATE SALE OF THE 2004 BONDS; AND VARIOUS AGREEMENTS AND ACTIONS IN CONNECTION WITH SUCH TRANSACTIONS.

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

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

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

WHEREAS, the City Council has determined that the City will (1) acquire and construct certain improvements to the Airport, consisting of the (a) construction of new roadways, a new taxiway and a deicing facility, (b) rehabilitation and renovation of current runways and taxiways, (c) continuation of the noise abatement program, (d) improvements to the terminal and Concourses A, B, C, and D, (e) expansion of Concourse E through the addition of up to 24 gates and other improvements, (f) construction of a new public parking deck, rental car service and maintenance facility, (g) expansion of the current employee parking facilities and the Airport's fuel farm, (h) expansion of the international arrivals area, (i) construction of additional public surface parking and other improvements at the Airport consistent with the Airport's mission, (2) pay certain costs associated with engineering related to the construction of a new runway (the "*2004 Improvements*"), and (3) pay the costs of issuance of the 2004 Bonds (as hereinafter defined); and

WHEREAS, in order to obtain a portion of the funds to acquire, construct and equip the 2004 Improvements, the City has determined to approve the transactions described herein whereby the City will authorize and approve (1) the issuance of, among other things, three series of its airport revenue bonds, one to be known as "*City of Charlotte, North Carolina Airport Revenue Bonds, Series 2004A*" (the "*2004A Bonds*") in an aggregate principal amount not to exceed \$92,000,000, a second to be known as "*City of Charlotte, North Carolina Airport Revenue Bonds, Series 2004B*" (the "*2004B Bonds*") in an aggregate principal amount not to exceed \$52,000,000, and a third to be known as "*City of Charlotte, North Carolina Taxable Airport Revenue Bonds, Series 2004C*" (the "*2004C Bonds*") in an aggregate principal amount not to exceed \$19,000,000, and (2) a Purchase Contract among the Local Government Commission, the City and Citigroup Global Markets Inc., as representative of the underwriters named therein, providing for the sale of the 2004 Bonds authorized hereunder; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Charlotte, North Carolina that the City Council has determined to adopt, in accordance with Section 208 of the Bond Order, this Series Resolution authorizing the issuance of the 2004 Bonds, as follows:

CITY OF CHARLOTTE, NORTH CAROLINA

SERIES RESOLUTION

Adopted August 23, 2004

Authorizing and Securing

*City of Charlotte, North Carolina,
Airport Revenue Bonds, Series 2004A
Airport Revenue Bonds, Series 2004B
Taxable Airport Revenue Bonds, Series 2004C*

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ARTICLE I.

DEFINITIONS

Section 1.01. *Meaning of Words and Terms.* Unless otherwise required by the context or except as set forth in this Series Resolution, words and terms used in this Series Resolution which are defined in the Bond Order have the meanings assigned to them in the Bond Order.

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

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

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

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

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

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

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

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

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

"Insurer" means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York.

"Interest Payment Date" means January 1, 2005 and each July 1 and January 1 thereafter.

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

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

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

"Policy" means the financial guaranty insurance policy issued by the Insurer simultaneously with the delivery of the 2004 Bonds, insuring the payment when due of the principal of and interest on the 2004 Insured Bonds in accordance with the terms thereof.

"Purchase Contract" means the Purchase Contract among the Local Government Commission, the City and the Purchasers, providing for the initial purchase of the 2004 Bonds.

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

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

"Rating Agency" means Moody's, S&P or Fitch Ratings. Except as otherwise provided herein, if more than one Rating Agency maintains a credit rating with respect to the 2004 Bonds, then any action, approval or consent by or notice to a Rating Agency shall be effective only if such action, approval, consent or notice is given by or to each such Rating Agency.

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

"Reserve Requirement" means the lesser of (1) 10% of the issuance price of the 2004 Bonds, (2) the maximum amount required to pay principal and interest on the 2004 Bonds for any current or succeeding Fiscal Year or (3) 125% of the average annual principal and interest requirements on the 2004 Bonds.

"Series Resolution" means this Series Resolution adopted by the City Council of the City on August 23, 2004, and any amendments or supplements thereto.

"Series 2004A Subaccount of the Revenue Bond Interest Account" means the subaccount created and so designated by Section 4.01.

"Series 2004A Subaccount of the Revenue Bond Principal Account" means the subaccount created and so designated by Section 4.01.

"Series 2004A Subaccount of the Revenue Bond Redemption Account" means the subaccount created and so designated by Section 4.01.

"Series 2004A Subaccount of the Revenue Bond Reserve Account" means the subaccount created and so designated by Section 4.01.

"Series 2004A Subaccount of the Revenue Bond Sinking Fund Account" means the subaccount created and so designated by Section 4.01.

“Series 2004B Subaccount of the Revenue Bond Interest Account” means the subaccount created and so designated by Section 4.01.

“Series 2004B Subaccount of the Revenue Bond Principal Account” means the subaccount created and so designated by Section 4.01.

“Series 2004B Subaccount of the Revenue Bond Redemption Account” means the subaccount created and so designated by Section 4.01.

“Series 2004B Subaccount of the Revenue Bond Reserve Account” means the subaccount created and so designated by Section 4.01.

“Series 2004B Subaccount of the Revenue Bond Sinking Fund Account” means the subaccount created and so designated by Section 4.01.

“Series 2004C Subaccount of the Revenue Bond Interest Account” means the subaccount created and so designated by Section 4.01.

“Series 2004C Subaccount of the Revenue Bond Principal Account” means the subaccount created and so designated by Section 4.01.

“Series 2004C Subaccount of the Revenue Bond Redemption Account” means the subaccount created and so designated by Section 4.01.

“Series 2004C Subaccount of the Revenue Bond Reserve Account” means the subaccount created and so designated by Section 4.01.

“Sinking Fund Requirement” means the principal amount of each Series of the 2004A Bonds and 2004B Bonds to be retired by mandatory redemption pursuant to section 3.02(c) of this Series Resolution as specified by the Finance Director in his certificate delivered under Section 2.04(d) of this Series Resolution.

If during any 12-month period ended June 30 the total principal amount of a Series of the 2004 Bonds retired by purchase or redemption under the provisions of this Series Resolution is greater than the amount of the Sinking Fund Requirement for such Series of the 2004A Bonds or 2004B Bonds, the next succeeding Sinking Fund Requirements for such Series of the 2004A Bonds or 2004B Bonds will be reduced in such amount aggregating the amount of such excess.

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

“2004 Bonds” means the 2004A Bonds, the 2004B Bonds and 2004C Bonds.

“2004 Insured Bonds” means the 2004A Bonds, 2004C Bonds and the 2004B Bonds, excluding those 2004B Bonds maturing July 1, 2014 and 2015.

“2004A Bonds” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2004A issued pursuant to the Bond Order and this Series Resolution.

“2004B Bonds” means the City of Charlotte, North Carolina Airport Revenue Bonds, Series 2004B issued pursuant to the Bond Order and this Series Resolution.

“2004C Bonds” means the City of Charlotte, North Carolina Airport Taxable Revenue Bonds, Series 2004C issued pursuant to the Bond Order and this Series Resolution.

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

Section 1.02. *Parties Interested Herein.* Except as otherwise expressly provided in this Series Resolution, nothing herein expressed or implied is intended or to be construed to confer on or to give to any Person, other than the City, the City Council, the Paying Agent, the Registrar, the Trustee, the Insurer, the Purchasers and the owners from time to time of the 2004 Bonds, any right, remedy or claim under or by reason hereof or any covenant, condition or stipulation hereof. All the covenants, stipulations, promises and agreements herein contained by and on behalf of the City are for the sole and exclusive benefit of the City, the City Council, the Paying Agent, the Registrar, the Trustee, the Insurer, the Purchasers and the owners of the 2004 Bonds, except as herein otherwise provided. The Insurer is intended to be a third party beneficiary of the provisions of this Series Resolution.

Section 1.03. *Ratification.* All action heretofore taken (not inconsistent with the provisions of this Series Resolution) by the City directed toward the acquisition, construction and equipping of the 2004 Improvements, toward the sale and delivery of the 2004 Bonds for that purpose, and toward the acceptance and execution of the Purchase Contract submitted by the Purchasers to the City, hereby is ratified, approved and confirmed.

[End of Article I]

ARTICLE II.

AUTHORIZATION, FORM, ISSUANCE, DELIVERY AND REGISTRATION OF 2004 BONDS

Section 2.01. **Authorization of Financing and Authorization of 2004 Bonds.** The financing of the Additional Facilities is hereby authorized. For the purpose of providing funds for the financing of the Cost of the Additional Facilities, funding an account in the Revenue Bond Reserve Account for the 2004 Bonds and the costs of issuing the 2004 Bonds, there is hereby authorized and shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act, the Bond Order and this Series Resolution, the 2004 Bonds of the City in the amounts and subject to the conditions herein provided. No 2004 Bonds may be issued under the provisions of this Series Resolution and the Bond Order except in accordance with this Article. The total principal amount of 2004A Bonds that may be issued is hereby expressly limited to \$92,000,000; the total principal amount of 2004B Bonds that may be issued is hereby expressly limited to \$52,000,000; and the total principal amount of 2004C Bonds that may be issued is hereby expressly limited to \$19,000,000, except as provided in Sections 204 and 210 of the Bond Order.

Section 2.02. **Issuance of 2004 Bonds.** The 2004A Bonds will be designated "*City of Charlotte, North Carolina Airport Revenue Bonds, Series 2004A*"; the 2004B Bonds will be designated "*City of Charlotte, North Carolina Airport Revenue Bonds, Series 2004B*"; and the 2004C Bonds will be designated "*City of Charlotte, North Carolina Airport Taxable Revenue Bonds, Series 2004C*". The 2004 Bonds will be issuable as fully registered bonds in any Authorized Denomination. The 2004A Bonds will be numbered from RA-1 upwards; the 2004B Bonds will be numbered from RB-1 upwards; and the 2004C Bonds will be numbered from RC-1 upwards. The 2004A Bonds will be substantially in the form set forth in Exhibit A; the 2004B Bonds will be substantially in the form set forth in Exhibit B; and the 2004C Bonds will be substantially in the form set forth in Exhibit C with such appropriate variations, omissions and insertions as are permitted or required by this Series Resolution.

Section 2.03. **Delivery of 2004 Bonds.** Before the delivery by the Trustee of any of the 2004 Bonds, the items required under Section 717 of the Bond Order must be filed with the Trustee. The 2004 Bonds must be in Authorized Denominations and executed substantially in the form and in the manner set forth in the Exhibits to this Series Resolution and will be deposited with the Bond Registrar for authentication, but before the 2004 Bonds may be authenticated and delivered by the Bond Registrar to the Treasurer of the State for redelivery to the Purchasers, there must be filed with the Trustee the following:

1. a copy, certified by the City Clerk, of this Series Resolution;
2. a copy, certified by the Secretary or any Deputy Secretary of the Local Government Commission, of the resolution of the Local Government Commission approving the issuance of and awarding the 2004 Bonds;
3. a copy, certified by the City Clerk, of the Bond Order;
4. a certificate or certificates of the Finance Director collectively setting forth the following:
 - (A) the aggregate principal amount of 2004 Bonds to be issued, not in excess of the maximum amount previously established in Section 201;

(B) the interest rates for the 2004 Bonds, such interest rate not to be in excess of 6.00% for any maturity of the 2004A Bonds, 6.25% for any maturity of the 2004B Bonds; and 6.25% for any maturity of the 2004C Bonds;

(C) the amount of the Reserve Requirement which is required to be deposited to the Series 2004A Subaccount of the Revenue Bond Reserve Account, the Series 2004B Subaccount of the Revenue Bond Reserve Account and the Series 2004C Subaccount of the Revenue Bond Reserve Account;

(D) the disposition of the proceeds of the 2004 Bonds, including accrued interest, to the Series 2004A Subaccount of the Revenue Bond Interest Account, the Series 2004A Subaccount of the Revenue Bond Reserve Account, the Series 2004B Subaccount of the Revenue Bond Interest Account, the Series 2004B Subaccount of the Revenue Bond Reserve Account, the Series 2004C Subaccount of the Revenue Bond Interest Account, the Series 2004C Subaccount of the Revenue Bond Reserve Account, the Series 2004A Construction Account of the Construction Fund, the Series 2004B Construction Account of the Construction Fund and to pay certain expenses incurred in connection with the issuance of the 2004 Bonds;

(E) the designation of the principal amount of each maturity of each Series of the 2004 Bonds and the Sinking Fund Requirements, if any, for the 2004A Bonds, the 2004B Bonds and the 2004C Bonds; and

(F) the designation of the premium (not to exceed 2.00%) for optional redemption of the 2004A Bonds and 2004B Bonds under Section 3.02;

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

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

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

8. an opinion of the City Attorney stating that (i) this Series Resolution has been duly and validly adopted by the City, (ii) no provision of the Bond Order or this Series Resolution violates any provision of the Act or results in or constitutes a default under any agreement, indenture or other instrument to which the City is a party or by which the City may be bound, and of which he has knowledge, (iii) the City's adoption of this Series Resolution and execution and issuance of the 2004 Bonds are not subject to any authorization, consent, approval or review of any governmental body, public officer or regulatory authority not theretofore obtained or effected, and no taxes are payable in connection therewith, and (iv) the form, terms, execution, issuance and delivery of the 2004 Bonds have been duly and validly authorized by the City, and the 2004 Bonds constitute valid and binding special obligations of the City in accordance with their terms;

9. an executed counterpart of the Policy; and

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

When the documents mentioned in paragraphs (1) to (10), inclusive, of this Section have been filed with the Trustee and when the 2004 Bonds have been executed and authenticated as required by this Series Resolution, the Trustee shall deliver the 2004 Bonds at one time to the Treasurer of the State of North Carolina for redelivery to or on the order of the Purchasers, but only on payment to the Trustee of the purchase price of the 2004 Bonds and the accrued interest thereon. The Trustee is entitled to rely on the resolutions and certificates mentioned in paragraphs (1) through (10) of this Section as to all matters stated therein.

Section 2.04. ***Details of 2004 Bonds; Payment.***

(a) The 2004A Bonds will mature on July 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as set forth in the Finance Director's certificate referred to in Section 2.03(4) above.

(b) The 2004B Bonds will mature on July 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as set forth in the Finance Director's certificate referred to in Section 2.03(4) above.

(c) The 2004C Bonds will mature on July 1 of the years and in the amounts and will bear interest (computed on the basis of a 360-day year of twelve 30-day months) as set forth in the Finance Director's certificate referred to in Section 2.03(4) above.

(d) Both the principal of and the interest on the 2004 Bonds are payable in any lawful coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Each 2004 Bond shall bear interest from its date until its principal sum has been paid, but if such 2004 Bond has matured or has been called for redemption and the Redemption Date has occurred and funds are available for the payment thereof in full in accordance with the terms of the Bond Order, such 2004 Bond shall then cease to bear interest as of the maturity date or Redemption Date. The 2004 Bonds will be dated as of their date of issuance, except that 2004 Bonds issued in exchange for or on the registration of transfer of 2004 Bonds will be dated as of the Interest Payment Date next preceding the date of authentication thereof, unless (i) the date of such authentication precedes December 15, 2004, in which case they will be dated their date of issuance, or (ii) the date of such authentication is an Interest Payment Date to which interest on the 2004 Bonds has been paid in full or duly provided for in accordance with the terms of this Series Resolution, in which case they will be dated as of such Interest Payment Date; except that if, as shown by the records of the Paying Agent, interest on the 2004 Bonds is in default, 2004 Bonds executed and delivered in exchange for or on registration of transfer of 2004 Bonds will be dated as of the date to which interest on the 2004 Bonds has been paid in full. If no interest has been paid on the 2004 Bonds, 2004 Bonds executed and delivered in exchange for or upon the registration of transfer of 2004 Bonds will be dated as of their date of issuance.

(e) The 2004 Bonds will be initially delivered by means of a book-entry system with no physical distribution of definitive 2004 Bonds made to the public. One definitive 2004 Bond for each maturity of each Series is to be delivered to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2004 Bonds in denominations of \$5,000 or any integral multiple

thereof, with transfers of beneficial ownership effected on the records of DTC and its participants (the "*DTC Participants*") pursuant to rules and procedures established by DTC.

Each DTC Participant will be credited in the records of DTC with the amount of such DTC Participant's interest in the 2004 Bonds. Beneficial ownership interests in the 2004 Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners will not receive definitive 2004 Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner will be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its 2004 Bonds. Transfers of ownership interests in the 2004 Bonds will be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. So long as Cede & Co., as nominee for DTC, is the Registered Owner of the 2004 Bonds, the Trustee shall treat Cede & Co. as the only owner of the 2004 Bonds for all purposes under the Bond Order and this Series Resolution, including receipt of all principal and premium, if any, and interest on the 2004 Bonds, receipt of notices, voting and requesting or directing the Trustee to take or not to take, or consenting to, certain actions under the Bond Order or this Series Resolution.

Payments of principal, interest and premium, if any, with respect to the 2004 Bonds, so long as DTC is the only Owner of the 2004 Bonds, will be paid by the Trustee directly to DTC or its nominee, Cede & Co., as provided in the Blanket Letter of Representation dated November 21, 1996 from the City and the Trustee to DTC (the "*Letter of Representation*"). DTC will remit such payments to DTC Participants, and such payments thereafter will be paid by DTC Participants to the Beneficial Owners. The Trustee and the City are not and will not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

If (a) DTC determines not to continue to act as securities depository for the 2004 Bonds or (b) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2004 Bonds of each Series to DTC.

The City and the Trustee have no responsibility or obligation with respect to (A) the accuracy of any records maintained by DTC or any DTC Participant; (B) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and premium, if any, and interest on the 2004 Bonds; (C) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice due to any beneficial owner which is required or permitted under the terms of the Bond Order or this Series Resolution to be given to Owners; (D) the selection of Beneficial Owners to receive payments in the event of any partial redemption of the 2004 Bonds; or (E) any consent given or other action taken by DTC or its nominee, Cede & Co., as Owner.

(f) The 2004 Bonds are payable at the principal corporate trust office of the Paying Agent on presentation and surrender. Interest on the 2004 Bonds will be paid by the Paying Agent by check or draft mailed on the Interest Payment Date to each Owner as its name and address appear on the registration books kept by the Registrar at the close of business on the Record Date. At the written request of any Owner of at least \$1,000,000 in aggregate principal amount of a Series of the 2004 Bonds, principal and interest may be payable by wire transfer at the address specified in writing by the Owner to the Paying Agent by the Record Date. CUSIP number identification with appropriate dollar amounts for each CUSIP number shall accompany all payments of principal of, premium, if any, and interest on any 2004 Bonds, whether by check or by wire transfer.

(g) Wachovia Bank, National Association, Charlotte, North Carolina, is hereby appointed as Bond Registrar with respect to the 2004 Bonds.

Section 2.05. **Arbitrage and Tax Covenants.** The City covenants that it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion from federal income taxation of the interest on the 2004A Bonds or 2004B Bonds and, if it should take or permit, or omit to take or cause to be taken, any such action, the City will take or cause to be taken all lawful actions within its power necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof. The City acknowledges that the continued exclusion of interest on the 2004A Bonds or 2004B Bonds from an Owner's gross income for federal income tax purposes depends, in part, on compliance with the arbitrage limitations imposed by Section 148 of the Code. The City covenants that it will comply with all the requirements of Section 148 of the Code, including the rebate requirements, and that it will not permit at any time any of the proceeds of the 2004A Bonds or 2004B Bonds or other funds under their control be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the 2004A Bonds or 2004B Bonds to be "*arbitrage bonds*" for purposes of Section 148 of the Code.

[End of Article II]

ARTICLE III.

REDEMPTION OF THE 2004 BONDS

Section 3.01. ***Privilege of Redemption and Redemption Prices.*** The 2004 Bonds are redeemable, on notice as provided below, at the times, at the Redemption Prices and on the terms contained in this Article III and in Article III of the Bond Order.

Section 3.02. ***Optional Redemption of the 2004 Bonds.*** The 2004C Bonds are not subject to call and redemption prior to maturity except as set forth in Section 3.03. The 2004A Bonds and 2004B Bonds are subject to call and redemption prior to maturity as set forth in Section 3.03 of this Series Resolution and the 2004A Bonds and 2004B Bonds may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date beginning on or after July 1, 2014, at the Redemption Price, including a premium (calculated on the par amount on the 2004A Bonds or 2004B Bonds called for redemption) not to exceed 2.00%, all as set forth in the Finance Director's certificate referred to in Section 2.03(4) above.

Section 3.03. ***Extraordinary Optional Redemption of 2004 Bonds.*** The 2004 Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2004A Subaccount of the Revenue Bond Redemption Account, the Series 2004B Subaccount of the Revenue Bond Redemption Account or the Series 2004C Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

Section 3.04. ***Sinking Fund Redemption.*** The 2004A Bonds or 2004B Bonds are required to be redeemed to the extent of any Sinking Fund Requirement on the July 1 immediately following each Bond Year in which there is a Sinking Fund Requirement from moneys required to be deposited in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account or the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account, as applicable, at a Redemption Price equal to the principal amount of the 2004A Bonds or 2004B Bonds, respectively, being redeemed, without premium, plus accrued interest to the date of redemption.

Section 3.05. ***Notice of Redemption.*** Notice of redemption will be given by the Trustee not less than 30 days nor more than 60 days before the Redemption Date (1) to the North Carolina Local Government Commission by Mail or facsimile transmission, (2)(A) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or (B) if DTC or its nominee is no longer the Owner of the 2004 Bonds, by Mail to the then-registered Owners of 2004 Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the Registrar, (3) to each of the then-existing securities depositories, by Mail or facsimile transmission and (4) to at least two of the then-existing national information services, by Mail.

Such notice must (1) specify the 2004 Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2004 Bonds are to be redeemed, the numbers of the 2004 Bonds and the portions of 2004 Bonds to be redeemed, and (2) state that on the Redemption Date, the 2004 Bonds to be redeemed will cease to bear interest.

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

If moneys are on deposit with the Trustee to pay the Redemption Price of the 2004 Bonds called for redemption and premium, if any, thereon on a Redemption Date, 2004 Bonds or portions thereof so called for redemption as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the Bond Order other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2004 Bonds or portions thereof called for redemption until such 2004 Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by Section 210 of the Bond Order with respect to any mutilated, lost, stolen or destroyed 2004 Bonds.

Section 3.06. ***Selection of 2004 Bonds To Be Redeemed.*** Notwithstanding Section 302 of the Bond Order, in the case of any partial redemption of 2004 Bonds, the City will select the Series of the 2004 Bonds and the maturity or maturities of the 2004 Bonds to be redeemed and DTC will select the 2004 Bonds within the same Series and maturity pursuant to its rules and procedures or, if the book-entry system with DTC or any other securities depository has been discontinued, the Registrar will select the 2004 Bonds to be redeemed by lot in such manner as the Registrar in its discretion may deem proper.

If a 2004 Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2004 Bond may be redeemed, but only in a principal amount such that the unredeemed portion of such 2004 Bond is equal to an Authorized Denomination. For any 2004 Bond in a denomination of more than the minimum Authorized Denomination, the Trustee shall treat each such 2004 Bond as representing a single 2004 Bond in the minimum Authorized Denomination plus that number of 2004 Bonds that is obtained by dividing the remaining principal amount of such 2004 Bond by the minimum Authorized Denomination.

If it is determined that one or more, but not all, of the Authorized Denominations of principal amount represented by any 2004 Bond is to be called for redemption, then, on written notice of intention to redeem such Authorized Denominations of principal amount of such 2004 Bond, the Owner of such 2004 Bond, on surrender of such 2004 Bond to the Paying Agent for payment of the principal amount of such 2004 Bond, will be entitled to receive new 2004 Bonds of the same Series in the aggregate principal amount of the unredeemed balance of the principal amount of such 2004 Bond. New 2004 Bonds representing the unredeemed balance of the principal amount of such 2004 Bonds will be issued to the Owner thereof.

If the Owner of any 2004 Bond of a denomination greater than the amount being redeemed fails to present such 2004 Bond to the Paying Agent for payment and exchange as aforesaid, such 2004 Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

Section 3.07. ***No Partial Redemption After Default.*** Anything in this Series Resolution to the contrary notwithstanding, if an Event of Default occurs and is continuing hereunder there will be no redemption of less than all of the 2004 Bonds Outstanding.

[End of Article III]

ARTICLE IV.

REVENUES, ACCOUNTS AND FUNDS

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

- (a) Series 2004A Subaccount of the Revenue Bond Interest Account;
- (b) Series 2004A Subaccount of the Revenue Bond Principal Account;
- (c) Series 2004A Subaccount of the Revenue Bond Redemption Account;
- (d) Series 2004A Subaccount of the Revenue Bond Reserve Account;
- (e) Series 2004A Subaccount of the Revenue Bond Sinking Fund Account
- (f) Series 2004B Subaccount of the Revenue Bond Interest Account;
- (g) Series 2004B Subaccount of the Revenue Bond Principal Account;
- (h) Series 2004B Subaccount of the Revenue Bond Redemption Account;
- (i) Series 2004B Subaccount of the Revenue Bond Reserve Account;
- (j) Series 2004B Subaccount of the Revenue Bond Sinking Fund Account
- (k) Series 2004C Subaccount of the Revenue Bond Interest Account;
- (l) Series 2004C Subaccount of the Revenue Bond Principal Account;
- (m) Series 2004C Subaccount of the Revenue Bond Redemption Account;
- (n) Series 2004C Subaccount of the Revenue Bond Reserve Account;
- (o) Series 2004A Construction Account of the Construction Fund;
- (p) Series 2004B Construction Account of the Construction Fund; and
- (q) Series 2004C Construction Account of the Construction Fund.

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

Section 4.02. ***Revenues Received by the City.*** On or before the 25th day of each month beginning December 25, 2004, the City shall, subject to the provisions of the Bond Order, deposit or cause to be deposited from Net Revenues with the Trustee the following amounts and the Trustee shall apply such amounts to the various accounts and subaccounts specified herein:

- (a) with respect to the 2004A Bonds:
 - (1) into the Series 2004A Subaccount of the Revenue Bond Interest Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the

City, to have funds on hand each June 25 and December 25, commencing December 25, 2004, to pay the next maturing installment of interest, on the 2004A Bonds then Outstanding; and

(2) into the Series 2004A Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing June 25, 2005, to pay the next maturing installment of principal, on the 2004A Bonds then Outstanding; or

(3) into the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, 1/12th of the amount required to retire the 2004A Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing July 1, in accordance with the Sinking Fund Requirement therefor.

(b) with respect to the 2004B Bonds:

(1) into the Series 2004B Subaccount of the Revenue Bond Interest Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25 and December 25, commencing December 25, 2004, to pay the next maturing installment of interest, on the 2004B Bonds then Outstanding; and

(2) into the Series 2004B Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing June 25, 2005, to pay the next maturing installment of principal, on the 2004B Bonds then Outstanding; or

(3) into the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, 1/12th of the amount required to retire the 2004B Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing July 1, in accordance with the Sinking Fund Requirement therefor.

(c) with respect to the 2004C Bonds:

(1) into the Series 2004C Subaccount of the Revenue Bond Interest Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25 and December 25, commencing December 25, 2004, to pay the next maturing installment of interest, on the 2004C Bonds then Outstanding; and

(2) into the Series 2004C Subaccount of the Revenue Bond Principal Account an amount in substantially equal monthly installments necessary, after taking into account money transferred from the PFC Revenue Account or otherwise deposited therein by the City, to have funds on hand each June 25, commencing June 25, 200_, to pay the next maturing installment of principal, on the 2004C Bonds then Outstanding;

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

Section 4.03. ***Application of Money in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account.*** Money held in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2004A Bonds then Outstanding as follows:

(a) The Trustee shall, at the request of the City, endeavor to purchase and cancel 2004A Bonds or portions thereof subject to redemption by operation of the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account or maturing on the next ensuing July 1 at the most advantageous price readily obtainable with reasonable diligence. The purchase price of each such 2004A Bond shall not exceed par plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such 2004A Bonds to the date of settlement therefore from the Series 2004A Subaccount of the Revenue Bond Interest Account and the purchase price from the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account, but no such purchase shall be made by the Trustee from money in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account within the period of 45 days immediately preceding any July 1 on which such 2004A Bonds are subject to redemption, except from moneys other than the moneys set aside in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account for the redemption of 2004A Bonds. The aggregate purchase price of 2004A Bonds during each Fiscal Year shall not exceed the amount to be deposited in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account on account of the Sinking Fund Requirement for the 2004A Bonds for such Fiscal Year. If in any Fiscal Year the sum of the amount on deposit in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account for the payment of any 2004A Bonds and the principal amount of the 2004A Bonds that were purchased during such Fiscal Year pursuant to the provisions of this paragraph (a) or delivered during such Fiscal Year to the Trustee by the City exceeds the Sinking Fund Requirement for the Outstanding 2004A Bonds for such Fiscal Year, the Trustee shall endeavor to purchase Outstanding 2004A Bonds with such excess money;

(b) The Trustee shall call for redemption on July 1 in each Fiscal Year 2004A Bonds in a principal amount equal to the aggregate Sinking Fund Requirement for the 2004A Bonds for such Fiscal Year, less the principal amount of any such 2004A Bonds retired during such Fiscal Year by purchase pursuant to paragraph (a) of this Section or delivered during such Fiscal Year to the Trustee by the City. On each redemption date the Trustee shall withdraw from the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account the amount required to pay the Redemption Price of the 2004A Bonds so called for redemption. The amount of interest on the 2004A Bonds so called for redemption shall be paid from the Series 2004A Subaccount of the Revenue Bond Interest Account. If such date is the stated maturity date of any such 2004A Bonds, the Trustee shall not call such 2004A Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such 2004A Bonds when due and payable.

If at any date there is money in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account and no 2004A Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of 2004A Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money and shall apply the same as follows: (a) deposit in the

Series 2004A Subaccount of the Revenue Bond Reserve Account, the amounts, if any, required to be paid thereto in such month pursuant to Section 503(g) of the Bond Order and (b) deliver all remaining amounts to the City.

If the balance in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account on the 25th day of the month next preceding a payment date on which 2004A Bonds are to be redeemed in accordance with the Sinking Fund Requirements therefor is insufficient to satisfy such Sinking Fund Requirement, the Trustee shall transfer to such Subaccount such amounts as may be necessary to remedy the deficiency, drawing on money in the Series 2004A Subaccount of the Revenue Bond Reserve Account.

If, in any Fiscal Year, by the application of money in the Series 2004A Subaccount of the Revenue Bond Sinking Fund Account the Trustee should purchase or receive from the City and cancel 2004A Bonds in excess of the aggregate Sinking Fund Requirements for such Fiscal Year, the Trustee shall file with the City not later than the 20th day before the next August 1 a statement identifying the 2004A Bonds purchased or delivered during such Fiscal Year and the amount of such excess. The City shall thereafter cause a certificate of the Finance Director to be filed with the Trustee not later than the 10th day before such August 1, setting forth with respect to the amount of such excess the Fiscal Years in which the Sinking Fund Requirements with respect to 2004A Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced.

On the retirement of any 2004A Bonds by purchase or redemption under the provisions of this Section, the Trustee shall file with the City a statement identifying such 2004A Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2004A Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such 2004A Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 4.04. ***Application of Money in the Series 2004A Revenue Bond Redemption Account.***
The Trustee shall apply money in the Series 2004A Revenue Bond Redemption Subaccount to the purchase or redemption of 2004A Bonds as follows:

(a) Subject to the provisions of paragraph (c) of this Section, the Trustee shall endeavor to purchase and cancel 2004A Bonds or portions thereof, regardless of whether such 2004A Bonds or portions thereof are then subject to redemption, at the most advantageous price readily obtainable with reasonable diligence, provided that the purchase price of each 2004A Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such 2004A Bond under the provisions of this Series Resolution if such 2004A Bond or such portion thereof should be called for redemption on such date from the money in the Series 2004A Subaccount of the Revenue Bond Redemption Account. The Trustee shall pay the interest accrued on such 2004A Bonds or portions thereof to the date of settlement from the Series 2004A Subaccount of the Revenue Bond Interest Account and the purchase price from the Series 2004A Subaccount of the Revenue Bond Redemption Account, but no such purchase shall be made by the Trustee from money in the Series 2004A Subaccount of the Revenue Bond Redemption Account within the period of 45 days immediately preceding any Interest Payment Date on which such 2004A Bonds or portions thereof are to be redeemed, except from moneys other than the moneys set aside in the Series 2004A Subaccount of the Revenue Bond Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of paragraph (c) of this Section, the Trustee shall call for redemption on a date permitted by this Series Resolution such amount of 2004A Bonds or

portions thereof as, with the redemption premium, if any, will exhaust the money then held in the Series 2004A Subaccount of the Revenue Bond Redemption Account as nearly as may be. The Trustee shall pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the Series 2004A Subaccount of the Revenue Bond Interest Account and the Redemption Price of such 2004A Bonds or portions thereof from the Series 2004A Subaccount of the Revenue Bond Redemption Account. The Trustee shall withdraw from the Series 2004A Subaccount of the Revenue Bond Redemption Account and set aside the respective amounts required to pay the Redemption Price of the 2004A Bonds or portions thereof so called for redemption.

(c) Money in the Series 2004A Subaccount of the Revenue Bond Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of 2004A Bonds then Outstanding in accordance with the Sinking Fund Requirement.

On the retirement of any 2004A Bonds by purchase or redemption pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such 2004A Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2004A Bonds and the amount paid as interest thereon. The expense incurred by the Trustee in connection with the purchase or redemption of any such 2004A Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 4.05. ***Application of Money in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account.*** Money held in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account will be applied during each Fiscal Year to the purchase or retirement of 2004B Bonds then Outstanding as follows:

(a) The Trustee shall, at the request of the City, endeavor to purchase and cancel 2004B Bonds or portions thereof subject to redemption by operation of the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account or maturing on the next ensuing July 1 at the most advantageous price readily obtainable with reasonable diligence. The purchase price of each such 2004B Bond shall not exceed par plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such 2004B Bonds to the date of settlement therefore from the Series 2004B Subaccount of the Revenue Bond Interest Account and the purchase price from the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account, but no such purchase shall be made by the Trustee from money in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account within the period of 45 days immediately preceding any July 1 on which such 2004B Bonds are subject to redemption, except from moneys other than the moneys set aside in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account for the redemption of 2004B Bonds. The aggregate purchase price of 2004B Bonds during each Fiscal Year shall not exceed the amount to be deposited in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account on account of the Sinking Fund Requirement for the 2004B Bonds for such Fiscal Year. If in any Fiscal Year the sum of the amount on deposit in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account for the payment of any 2004B Bonds and the principal amount of the 2004B Bonds that were purchased during such Fiscal Year pursuant to the provisions of this paragraph (a) or delivered during such Fiscal Year to the Trustee by the City exceeds the Sinking Fund Requirement for the Outstanding 2004B Bonds for such Fiscal Year, the Trustee shall endeavor to purchase Outstanding 2004B Bonds with such excess money;

(b) The Trustee shall call for redemption on July 1 in each Fiscal Year 2004B Bonds in a principal amount equal to the aggregate Sinking Fund Requirement for the 2004B Bonds for

such Fiscal Year, less the principal amount of any such 2004B Bonds retired during such Fiscal Year by purchase pursuant to paragraph (a) of this Section or delivered during such Fiscal Year to the Trustee by the City. On each redemption date the Trustee shall withdraw from the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account the amount required to pay the Redemption Price of the 2004B Bonds so called for redemption. The amount of interest on the 2004B Bonds so called for redemption shall be paid from the Series 2004B Subaccount of the Revenue Bond Interest Account. If such date is the stated maturity date of any such 2004B Bonds, the Trustee shall not call such 2004B Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such 2004B Bonds when due and payable.

If at any date there is money in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account and no 2004B Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of 2004B Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money and shall apply the same as follows: (a) deposit in the Series 2004B Subaccount of the Revenue Bond Reserve Account, the amounts, if any, required to be paid thereto in such month pursuant to Section 503(g) of the Bond Order and (b) deliver all remaining amounts to the City.

If the balance in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account on the 25th day of the month next preceding a payment date on which 2004B Bonds are to be redeemed in accordance with the Sinking Fund Requirements therefor is insufficient to satisfy such Sinking Fund Requirement, the Trustee shall transfer to such Subaccount such amounts as may be necessary to remedy the deficiency, drawing on money in the Series 2004B Subaccount of the Revenue Bond Reserve Account.

If, in any Fiscal Year, by the application of money in the Series 2004B Subaccount of the Revenue Bond Sinking Fund Account the Trustee should purchase or receive from the City and cancel 2004B Bonds in excess of the aggregate Sinking Fund Requirements for such Fiscal Year, the Trustee shall file with the City not later than the 20th day before the next August 1 a statement identifying the 2004B Bonds purchased or delivered during such Fiscal Year and the amount of such excess. The City shall thereafter cause a certificate of the Finance Director to be filed with the Trustee not later than the 10th day before such August 1, setting forth with respect to the amount of such excess the Fiscal Years in which the Sinking Fund Requirements with respect to 2004B Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced.

On the retirement of any 2004B Bonds by purchase or redemption under the provisions of this Section, the Trustee shall file with the City a statement identifying such 2004B Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2004B Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such 2004B Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 4.06. ***Application of Money in the Series 2004B Revenue Bond Redemption Account.***
The Trustee shall apply money in the Series 2004B Revenue Bond Redemption Subaccount to the purchase or redemption of 2004B Bonds as follows:

(a) Subject to the provisions of paragraph (c) of this Section, the Trustee shall endeavor to purchase and cancel 2004B Bonds or portions thereof, regardless of whether such 2004B Bonds or portions thereof are then subject to redemption, at the most advantageous price readily obtainable with reasonable diligence, provided that the purchase price of each 2004B

Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such 2004B Bond under the provisions of this Series Resolution if such 2004B Bond or such portion thereof should be called for redemption on such date from the money in the Series 2004B Subaccount of the Revenue Bond Redemption Account. The Trustee shall pay the interest accrued on such 2004B Bonds or portions thereof to the date of settlement from the Series 2004B Subaccount of the Revenue Bond Interest Account and the purchase price from the Series 2004B Subaccount of the Revenue Bond Redemption Account, but no such purchase shall be made by the Trustee from money in the Series 2004B Subaccount of the Revenue Bond Redemption Account within the period of 45 days immediately preceding any Interest Payment Date on which such 2004B Bonds or portions thereof are to be redeemed, except from moneys other than the moneys set aside in the Series 2004B Subaccount of the Revenue Bond Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of paragraph (c) of this Section, the Trustee shall call for redemption on a date permitted by this Series Resolution such amount of 2004B Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held in the Series 2004B Subaccount of the Revenue Bond Redemption Account as nearly as may be. The Trustee shall pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the Series 2004B Subaccount of the Revenue Bond Interest Account and the Redemption Price of such 2004B Bonds or portions thereof from the Series 2004B Subaccount of the Revenue Bond Redemption Account. The Trustee shall withdraw from the Series 2004B Subaccount of the Revenue Bond Redemption Account and set aside the respective amounts required to pay the Redemption Price of the 2004B Bonds or portions thereof so called for redemption.

(c) Money in the Series 2004B Subaccount of the Revenue Bond Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of 2004B Bonds then Outstanding in accordance with the Sinking Fund Requirement.

On the retirement of any 2004B Bonds by purchase or redemption pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such 2004B Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2004B Bonds and the amount paid as interest thereon. The expense incurred by the Trustee in connection with the purchase or redemption of any such 2004B Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 4.07. ***Application of Money in the Series 2004C Revenue Bond Redemption Account.*** The Trustee shall apply money in the Series 2004C Revenue Bond Redemption Subaccount to the purchase or redemption of 2004C Bonds as follows:

(a) Subject to the provisions of paragraph (c) of this Section, the Trustee shall endeavor to purchase and cancel 2004C Bonds or portions thereof, regardless of whether such 2004C Bonds or portions thereof are then subject to redemption, at the most advantageous price readily obtainable with reasonable diligence, provided that the purchase price of each 2004C Bond shall not exceed the Redemption Price that would be payable on the next redemption date to the Owner of such Bond under the provisions of this Series Resolution if such 2004C Bond or such portion thereof should be called for redemption on such date from the money in the Series 2004C Subaccount of the Revenue Bond Redemption Account. The Trustee shall pay the interest accrued on such 2004C Bonds or portions thereof to the date of settlement from the Series 2004C Subaccount of the Revenue Bond Interest Account and the purchase price from the Series 2004C Subaccount of the Revenue Bond Redemption Account, but no such purchase shall be made by

the Trustee from money in the Series 2004C Subaccount of the Revenue Bond Redemption Account within the period of 45 days immediately preceding any Interest Payment Date on which such 2004C Bonds or portions thereof are to be redeemed, except from moneys other than the moneys set aside in the Series 2004C Subaccount of the Revenue Bond Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of paragraph (c) of this Section, the Trustee shall call for redemption on a date permitted by this Series Resolution such amount of 2004C Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held in the Series 2004C Subaccount of the Revenue Bond Redemption Account as nearly as may be. The Trustee shall pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the Series 2004C Subaccount of the Revenue Bond Interest Account and the Redemption Price of such 2004C Bonds or portions thereof from the Series 2004C Subaccount of the Revenue Bond Redemption Account. The Trustee shall withdraw from the Series 2004C Subaccount of the Revenue Bond Redemption Account and set aside the respective amounts required to pay the Redemption Price of the 2004C Bonds or portions thereof so called for redemption.

(e) Money in the Series 2004C Subaccount of the Revenue Bond Redemption Account shall be applied by the Trustee in each Fiscal Year to the purchase or the redemption of 2004C Bonds then Outstanding in accordance with the Sinking Fund Requirement.

On the retirement of any 2004C Bonds by purchase or redemption pursuant to the provisions of this Section, the Trustee shall file with the City a statement identifying such 2004C Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such 2004C Bonds and the amount paid as interest thereon. The expense incurred by the Trustee in connection with the purchase or redemption of any such 2004C Bonds shall be paid by the City from the Operating Fund or from any other available moneys.

Section 4.08. ***Application of Money in the Accounts of the Construction Fund.*** Money held in each account of the Construction Fund will be applied in accordance with Article IV of the Bond Order. The Finance Director shall specify in each requisition the account from which the requisition is to be paid.

Section 4.09. ***Application of Money in Series 2004A Subaccount of the Revenue Bond Reserve Account.***

(a) There will be deposited in the Series 2004A Subaccount of the Revenue Bond Reserve Account the Qualified Surety Bond delivered by the City on the issuance of the 2004A Bonds.

(b) The Trustee will transfer amounts held in the Series 2004A Subaccount of the Revenue Bond Reserve Account to the Series 2004A Subaccount of the Revenue Bond Fund to make up any deficiency therein with respect to the 2004A Bonds, in accordance with the order of priorities set forth in Section 4.02 of this Series Resolution. Not less than two days before the need therefor or such longer period of time as may be required pursuant to the Qualified Surety Bond, the Trustee will cause appropriate notice to be given to the provider of such Qualified Surety Bond of the need for funds from the Series 2004A Subaccount of the Revenue Bond Reserve Account to make up any deficiency in the Series 2004A Subaccount of the Revenue Bond Fund with respect to the 2004A Bonds.

Section 4.10. ***Application of Money in Series 2004B Subaccount of the Revenue Bond Reserve Account.***

(a) There will be deposited in the Series 2004B Subaccount of the Revenue Bond Reserve Account the Qualified Surety Bond delivered by the City on the issuance of the 2004B Bonds.

(b) The Trustee will transfer amounts held in the Series 2004B Subaccount of the Revenue Bond Reserve Account to the Series 2004B Subaccount of the Revenue Bond Fund to make up any deficiency therein with respect to the 2004B Bonds, in accordance with the order of priorities set forth in Section 4.02 of this Series Resolution. Not less than two days before the need therefor or such longer period of time as may be required pursuant to the Qualified Surety Bond, the Trustee will cause appropriate notice to be given to the provider of such Qualified Surety Bond of the need for funds from the Series 2004B Subaccount of the Revenue Bond Reserve Account to make up any deficiency in the Series 2004B Subaccount of the Revenue Bond Fund with respect to the 2004B Bonds.

Section 4.11. *Application of Money in Series 2004C Subaccount of the Revenue Bond Reserve Account.*

(a) There will be deposited in the Series 2004C Subaccount of the Revenue Bond Reserve Account the Qualified Surety Bond delivered by the City on the issuance of the 2004C Bonds.

(b) The Trustee will transfer amounts held in the Series 2004C Subaccount of the Revenue Bond Reserve Account to the Series 2004C Subaccount of the Revenue Bond Fund to make up any deficiency therein with respect to the 2004C Bonds, in accordance with the order of priorities set forth in Section 4.02 of this Series Resolution. Not less than two days before the need therefor or such longer period of time as may be required pursuant to the Qualified Surety Bond, the Trustee will cause appropriate notice to be given to the provider of such Qualified Surety Bond of the need for funds from the Series 2004C Subaccount of the Revenue Bond Reserve Account to make up any deficiency in the Series 2004C Subaccount of the Revenue Bond Fund with respect to the 2004C Bonds.

Section 4.12. *Investment of Money.* Money held for the credit of all subaccounts or accounts established under this Series Resolution on deposit with the Trustee shall be continuously invested and reinvested by the Trustee in such Investment Obligations as the City may direct to the extent practicable. Any such Investment Obligations shall mature not later than the respective dates when the money held for the credit of such subaccounts or accounts will be required for the purposes intended. No Investment Obligations in any such subaccount or account may mature beyond the latest maturity date of any 2004 Bonds Outstanding at the time such Investment Obligations are deposited.

The interest accruing on Investment Obligations in the subaccounts established hereunder and any profit or loss realized upon the disposition or maturity of such Investment Obligations shall be credited to or charged against the following Funds, accounts and subaccounts: interest and profit or loss resulting from each of the subaccounts established under Section 4.01 other than the Series 2004A Construction Account, Series 2004B Construction Account and Series 2004C Construction Account, as applicable, of the Construction Fund shall be credited to or charged against the Revenue Fund, and interest and profit or loss resulting from the Series 2004A Construction Account, Series 2004B Construction Account and Series 2004C Construction Account, as applicable, of the Construction Fund shall be credited to or charged against that account.

Section 4.13. *Payment of Principal, Interest and Premium and Pledge of Net Revenues.* The City covenants that it will promptly pay the principal of and the interest on every 2004 Bond issued under this Series Resolution at the places, on the dates and in the manner provided herein and in the 2004 Bonds, and any premium required for the retirement of the 2004 Bonds by purchase or redemption, according to the true intent and meaning thereof. The City represents and covenants that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the 2004 Bonds

authorized hereby and to pledge the Net Revenues in the manner and to the extent herein and in the Bond Order set forth; that all action on its part for the issuance of the 2004 Bonds initially issued hereunder has been duly and effectively taken; and that such 2004 Bonds in the hands of the Owners thereof are and will be valid and binding special obligations of the City according to their terms.

Except to the extent of a lien on Net Revenues from the Airport, the 2004 Bonds are not payable from the general funds of the City and do not constitute a legal or equitable pledge, lien or encumbrance on any of the properties of the City or on any of its income, receipts or revenues, except as provided in this Series Resolution and the Bond Order, and neither the credit nor the taxing power of the City are pledged for the payment of the 2004 Bonds, or the City's obligations to comply with any covenant or agreement under this Series Resolution or any other agreement entered into by the City pursuant to its authority.

[End of Article IV]

ARTICLE V.

USE OF BOND PROCEEDS

The proceeds of the 2004 Bonds are to be deposited in accordance with the certificate of the Finance Director delivered under Section 2.03(4).

[End of Article V]

ARTICLE VI.

THE POLICY

Section 6.01. ***Insurer's Rights Upon An Event of Default.*** So long as the Policy is in effect and the Insurer is not in default thereunder and upon the occurrence and continuance of an Event of Default pursuant to Section 802 of the Bond Order, the prior consent of the Insurer shall be required prior to the taking of any remedial action with respect to the 2004 Insured Bonds under Section 804 of the Bond Order.

Section 6.02. ***Payments Under the Policy.***

(a) If, on the second Business Day and again on the Business Day prior to the payment date on the 2004 Insured Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the 2004 Insured Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify the City and the Insurer or their designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(b) If the deficiency is made up in whole or in part prior to or on the payment date, the Trustee shall so notify the Insurer or its designee.

(c) In addition, if the Trustee has notice that any Owner has been required to disgorge payments of principal or interest on the 2004 Insured Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Owner within the meaning of any applicable bankruptcy laws, then the Trustee shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(d) The Trustee is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for the Owners of the 2004 Insured Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the 2004 Insured Bonds, the Trustee shall (i) execute and deliver to U.S. Bank Trust National Association, or its successors under the Policy (the "*Insurance Paying Agent/Trustee*"), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing the Insurer as agent for such Owners in any legal proceeding relating to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Policy payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (iii) disburse the same to such respective Owners; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the 2004 Insured Bonds, the Trustee shall (i) execute and deliver to the Insurance Paying Agent/Trustee in form satisfactory to the Insurance Paying Agent/Trustee an instrument appointing the Insurer as agent for such Owner in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the 2004 Insured Bonds surrendered to the Insurance Paying Agent/Trustee of so much of the

principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent/Trustee is received), (ii) receive as designee of the respective Owners (and not as Trustee) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent/Trustee, and (iii) disburse the same to such Owners.

(e) Payments with respect to claims for interest on and principal of 2004 Insured Bonds disbursed by the Trustee from proceeds of the Policy shall not be considered to discharge the obligations of the City with respect to such 2004 Insured Bonds, and the Insurer shall become the owner of such unpaid 2004 Insured Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(f) Irrespective of whether any such assignment is executed and delivered, the City and the Trustee hereby agree for the benefit of the Insurer that,

(1) They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the 2004 Insured Bonds, the Insurer will be subrogated to the rights of such Owners to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in the Bond Order, this Series Resolution and the 2004 Insured Bonds; and

(2) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Bond Order, this Series Resolution and the 2004 Insured Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the 2004 Insured Bonds to the Owners, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(g) The City agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the City's obligations, or the preservation or defense of any rights of the Insurer, under this Series Resolution and any other document executed in connection with the issuance of the 2004 Insured Bonds, and (ii) any consent, amendment, waiver or other action with respect to this Series Resolution or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(h) The City agrees not to use the Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent; provided however, such prohibition on the use of the Insurer's name shall not relate to the use of the Insurer's standard approved form of disclosure in public documents issued in connection with the current 2004 Bonds to be issued in accordance with the terms of the commitment executed between the City and the Insurer; and provided further such prohibition

shall not apply to the use of the Insurer's name in order to comply with public notice, public meeting or public reporting requirements.

(i) The City shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which 2004 Insured Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such 2004 Insured Bonds without the prior written consent of the Insurer.

Section 6.03. *Notices and Information to Insurer.* For so long as the Policy is in effect and the Insurer is not in default thereunder (a) the Insurer shall receive copies of any and all notices that is required under this Series Resolution to be given to an Owner of the 2004 Insured Bonds, (b) the Insurer shall receive any notice that is required under this Series Resolution to be given to the Trustee, (c) the Insurer shall, on an annual basis, receive copies of the City's audited financial statements and Annual Budgets, (d) the Insurer shall receive notice of the resignation or removal of the Trustee and the Paying Agent and the appointment of a successor thereto, (e) if additional Bonds are issued under the Bond Order, the Insurer shall receive copies of the related disclosure document and (f) any amendments made to the documents executed in connection with the issuance of the 2004 Insured Bonds which are consented to by the Insurer shall be sent to S&P. All notices required to be given to the Insurer under this Series Resolution shall be in writing and shall be sent by registered or certified mail to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504, Attention: Surveillance.

ARTICLE VII.

SUPPLEMENTAL SERIES RESOLUTIONS

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

- (a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Series Resolution that shall be consistent with the provisions of this Series Resolution, or
- (b) to grant or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or
- (c) to add to the covenants and agreements of the City in this Series Resolution other covenants and agreements thereafter to be observed by the City or to surrender any right or power herein reserved to or conferred upon the City, or
- (d) to permit the qualification of this Series Resolution under any federal statute now or hereafter in effect or under any state Blue Sky law, or
- (e) to provide for the issuance of any Series of the 2004 Bonds in bearer form, or
- (f) to make modifications in the provisions for the issuance of any Series of the 2004 Bonds under a book-entry system, or
- (g) to obtain a rating on any Series of the 2004 Bonds from a national rating service.

Section 7.02. ***Modification of Series Resolution with Consent of Owners.*** Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than 51% in aggregate principal amount of the 2004 Bonds then Outstanding have the right, from time to time anything contained in this Series Resolution to the contrary notwithstanding, to consent to and approve the adoption by the City and the acceptance by the Trustee of such series resolution supplemental hereto as are necessary or considered desirable by the City for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Series Resolution or in any supplemental series resolution; but nothing herein contained permits, or may be construed as permitting (a) an extension of the maturity of the principal of or the interest on any 2004 Bond or (b) a reduction in the principal amount of any 2004 Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a pledge of Net Revenues other than any pledge created or permitted by the Bond Order or this Series Resolution, or (d) a preference or priority of any 2004 Bond over any other 2004 Bond, or (e) a reduction in the aggregate principal amount of 2004 Bonds required for consent to such supplemental series resolution. Nothing herein contained, however, may be construed as making necessary the approval by the Owners of the adoption and acceptance of any supplemental series resolution as authorized in Section 7.01.

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

Whenever the City delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than 51% in aggregate principal amount of 2004 Bonds then Outstanding that are affected by a proposed supplemental series resolution, which instrument or instruments shall refer to the proposed supplemental series resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, then the City may adopt such supplemental series resolution in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than 51% in aggregate principal amount of the 2004 Bonds Outstanding have consented to and approved the adoption thereof as herein provided, to the extent permitted by law, no Owner has any right to object to the adoption of such supplemental series resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City from adopting the same or from taking any action pursuant to the provisions thereof.

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

Section 7.03. **2004 Bonds Affected.** For purposes of this Series Resolution, 2004 Bonds shall be deemed to be "*affected*" by a supplemental series resolution if the same adversely affects or diminishes the rights of Owners against the City or the rights of the Owners in the security for such 2004 Bonds. The Trustee may in its discretion determine whether any 2004 Bonds would be affected by any supplemental series resolution and any such determination is conclusive on the Owners of all 2004 Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee is not liable for any such determination made in good faith.

Section 7.04. **Exclusion of 2004 Bonds.** 2004 Bonds owned or held by or for the account of the City shall not be deemed Outstanding 2004 Bonds for the purpose of any consent or other action or any calculation of Outstanding 2004 Bonds provided for in this Article, and City as Owner of such 2004 Bonds is not entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the City shall furnish the Trustee certificates of the Finance Director, on which the Trustee may rely, describing all 2004 Bonds so to be excluded.

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

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

Section 7.06. ***Consent of the Insurer.*** So long as the Policy is in effect and the Insurer has not defaulted thereunder, (1) the consent of the Insurer will be required to amend, modify or supplement this Series Resolution, and (2) the Insurer is deemed to be the sole Owner of the 2004 Bonds insured by it for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2004 Insured Bonds are entitled to take under the Bond Order or this Series Resolution.

[End of Article VII]

ARTICLE VIII.

MISCELLANEOUS PROVISIONS

Section 8.01. ***State Law Governs.*** This Series Resolution is adopted with the intent that the laws of the State shall govern its construction.

Section 8.02. ***Headings.*** Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, are solely for convenience of reference and does not constitute a part of this Series Resolution or affect its meaning, construction or effect.

Section 8.03. ***Application to Local Government Commission.*** The City Council hereby ratifies and confirms its request to the Local Government Commission to sell the 2004 Bonds at private sale and without advertisement in accordance with the provisions of Section 159-123 of the General Statutes of North Carolina.

Section 8.04. ***Approval of Amount of 2004 Bonds and Interest Rate.*** The Finance Director is hereby authorized and directed to approve (1) the actual amount of each Series of the 2004 Bonds and each maturity of each Series of the 2004 Bonds to be issued under this Series Resolution to the limits specified in Section 204, (2) the interest rates for each maturity of each Series of the 2004 Bonds not in excess of the maximum set forth in Section 204 and (3) the sale of such Bonds at a price to be finally determined by the City Manager or the Finance Director of not less than 95.0% of the face amount thereof, plus accrued interest from the date of delivery of the 2004 Bonds.

Section 8.05. ***Approval of Preliminary Official Statement and Final Official Statement.*** The City hereby approves and consents to the use and distribution of copies of the Preliminary Official Statement, the final Official Statement, the Bond Order and this Series Resolution by the Purchasers in connection with the public offering of the 2004 Bonds. Any of the Mayor, City Manager and Finance Director is hereby authorized and directed to complete, execute and deliver the final Official Statement relating to the 2004 Bonds, in substantially the form of the draft of the Preliminary Official Statement presented at this meeting, together with such changes, modifications, and deletions as the Finance Director, with the advice of counsel, may deem necessary and appropriate; such execution and delivery shall be conclusive evidence of the approval and authorization in all respects of the form and content thereof.

Section 8.06. ***Authorization for Other Acts.***

(a) The Finance Director and other officers, agents and employees of the City and the officers and agents of the Trustee are hereby authorized and directed to do all acts and things required of them by the provisions of the 2004 Bonds, the Bond Order, this Series Resolution and the Purchase Contract for the full, punctual and complete performance of the terms, covenants, provisions and agreements of the same and also to do all acts and things required of them by the provisions of this Series Resolution, including the advancement of any fees and expenses in connection with the transactions described therein with the expectation that such fees and expenses will be reimbursed to the City from 2004 Bond proceeds.

(b) The Mayor, the Finance Director, the Airport Manager, the Airport Attorney, the City Attorney, the City Clerk and any Deputy City Clerk, or any of them or their deputies, are further authorized and directed (without limitation except as may be expressly set forth herein) to

employ and compensate advisers, bond counsel, counsel, and consultants, to take such action and to execute and deliver any such documents, deeds, certificates, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the Bond Order, this Series Resolution and the Purchase Contract.

Section 8.07. **Acceptance of Duties by Paying Agent.** Each Paying Agent (other than the Trustee) shall signify its acceptance of the duties and obligations imposed upon it by the Bond Order and this Series Resolution by executing and delivering to the City, the Trustee and the Insurer a written acceptance thereof.

Section 8.08. **Holidays.** Except as otherwise provided herein, whenever any payment or action to be made or taken hereunder shall be stated to be due on a day which is not a Business Day, such payment or action shall be made or taken on the next following Business Day, and such extension of time shall be included in computing interest, if any, in connection with such payment or action.

Section 8.09. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed under this Series Resolution resigns (whether before or after the issuance of any 2004 Bonds), or if the Finance Director reasonably determines that the Registrar or Paying Agent has become incapable of performing its duties hereunder, the City may, on notice mailed to each Owner of the 2004 Bonds, if any, at such Owner's address last shown on the registration records, appoint a successor Registrar or Paying Agent which meets any requirement set forth in the Bond Order, including the prior approval by the Local Government Commission of a successor Registrar. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. The same institution is not required to serve as both Registrar and Paying Agent hereunder, but the City has the right to have the same institution serve as both Registrar and Paying Agent hereunder. Whenever in this Series Resolution the Registrar or Paying Agent is named or referred to, such provision is deemed to include any successor of the Registrar or Paying Agent, respectively.

Section 8.10. **Amendments to Bond Order Affecting Insurer.** Anything herein to the contrary notwithstanding, an amendment to the Bond Order or this Series Resolution altering the rights and duties of the Insurer thereunder or hereunder requires the prior written consent of the Insurer.

Section 8.11. **Notice to Rating Agencies.** The Trustee shall mail notice to each Rating Agency then rating the 2004 Bonds of the occurrence of any of the following events of which it has actual knowledge or has been informed: (1) any amendment or supplement to the Bond Order, the Policy, or this Series Resolution; (2) any redemption of Outstanding 2004 Bonds; or (3) any expiration, termination, substitution or renewal of the Policy.

Section 8.12. **Acceptance and Execution of Purchase Contract; Approval of Award.** The Purchase Contract providing for the sale of the 2004 Bonds authorized hereunder in substantially the form presented at this meeting is hereby approved and accepted by the City; the award of the 2004 Bonds by the Local Government Commission to the Purchasers as underwriters for the 2004 Bonds and the selection of Salomon Smith Barney Inc., as Representative of the Purchasers is hereby approved; and the Mayor or City Manager, or other appropriate officials of the City hereby are authorized and directed to approve additional Purchasers at any time and to execute the Purchase Contract on the behalf and in the name of the City at such time as may be determined by the Mayor, City Manager or Finance Director, and so to enter into the Purchase Contract as provided in such agreement, with such changes, variations, omissions and insertions as any official executing such document shall approve. The execution thereof by such officials constitutes conclusive evidence of such approval.

Section 8.13. **Acceptance and Execution of Amendment to the Airline Agreement.** The Amendment to the Amended and Restated Airport Agreement and Lease dated as of November 18, 1985, as amended by those Amendments to Charlotte/Douglas International Airport Amended and Restated Airport Agreement and Lease, in substantially the form presented at this meeting is hereby approved and accepted by the City; and the Mayor or City Manager and the City Clerk, or other appropriate officials of the City hereby are authorized and directed to execute the Amendment on the behalf and in the name of the City at such time as may be determined by the Mayor or City Manager, with such changes, variations, omissions and insertions as any official executing such document shall approve. The execution thereof by such officials constitutes conclusive evidence of such approval.

Section 8.14. **Selection of Financial Advisor.** The City, having considered the recommendations of the Finance Director, hereby (1) finds that the investment banking firm of Sterne, Agee & Leach, Inc. possess the expertise necessary to perform services required as financial advisor to the City in connection with the 2004 Bonds and has adequately provided in similar financial transactions, services of a nature and sophistication comparable to those required for the issue and sale of the 2004 Bonds, and (2) approves the retention of, and contract with, such firm as financial advisor to the City in connection with the 2004 Bonds.

Section 8.15. **Approval of Policy.** The purchase of and the payment of premiums and costs for the Policy issued by the Insurer which insures the payment of principal and interest of the 2004 Insured Bonds is hereby approved. The Mayor, City Manager, Finance Director or other appropriate officials of the City are authorized and directed to negotiate the final premium with respect to such policy and to take any and all other steps deemed appropriate or desirable by them to procure such policies.

Section 8.16. **Continuing Disclosure.** The City agrees, in accordance with Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") and for the benefit of the registered owners and beneficial owners of the 2004 Bonds, as follows:

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

(2) by not later than seven months after the end of each Fiscal Year to provide to each NRMSIR and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the type of information included under the captions in the Official Statement dated on or about August 26, 2004 relating to the 2004 Bonds (the "Official Statement") identified in the Purchase Contract to the extent such items are not included in the financial statements referred to in paragraph (1) above;

(3) in a timely manner to each NRMSIR or to the Municipal Securities Rulemaking Board (the "MSRB"), and to the SID, if any, notice of any of the following events with respect to the 2004 Bonds, if material:

(a) principal and interest payment delinquencies;

- (b) non-payment related defaults;
- (c) unscheduled draws on the debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (e) substitution of any credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions or events affecting the tax-exempt status of the 2004A Bonds or the 2004B Bonds;
- (g) modification to the rights of the beneficial owners of the 2004 Bonds;
- (h) call of any of the 2004 Bonds for redemption, except mandatory sinking fund redemptions;
- (i) defeasance of any of the 2004 Bonds;
- (j) release, substitution or sale of any property securing repayment of the 2004 Bonds;
- (k) rating changes; and

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

The City agrees that its undertaking under this Section is intended to be for the benefit of the Owners and the beneficial owners of the 2004 Bonds and is enforceable by the Trustee or by any of them, including an action for specific performance of the City's obligations under this Article, but a failure to comply will not be an event of default under Section 802 of the Bond Order and will not result in acceleration of the payment of the 2004 Bonds. An action must be instituted, had and maintained in the manner provided in this paragraph for the benefit of all of the Owners and beneficial owners of the 2004 Bonds.

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

- (1) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the City;
- (2) the information to be provided, as modified, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any amendments or interpretations of the Rule as well as any changes in circumstances;

(3) any such modification does not materially impair the interest of the Owners or the beneficial owners, as determined by the Trustee or Bond Counsel or by the approving vote of the Owners of a majority in principal amount of the 2004 Bonds pursuant to Section 7.02 of the Series Resolution.

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

The provisions of this Article terminate on payment, or provision having been made for payment in a manner consistent with the Rule, in full of the principal of and interest on the 2004 Bonds.

Section 8.17. ***Series Resolution Effective.*** This Series Resolution takes effect immediately on the delivery and payment for the 2004 Bonds.

EXHIBIT A

FORM OF 2004A BOND

**CITY OF CHARLOTTE, NORTH CAROLINA
 AIRPORT REVENUE BONDS,
 SERIES 2004A**

No. RA-1 \$[]

<u>INTEREST RATE</u>	<u>DATED DATE</u>	<u>MATURITY DATE</u>	<u>CUSIP</u>
[]%	[]	[]	[]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [] DOLLARS

The City of Charlotte, North Carolina (the "City"), a municipal corporation of the State of North Carolina (the "State"), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Principal Amount stated above on the Maturity Date set forth above (or earlier as hereinafter described), and to pay such Owner at the address as it appears on the registration books kept by Wachovia Bank, National Association, the Registrar, the Trustee and the Paying Agent for the 2004A Bonds (the "Registrar," the "Paying Agent" and the "Trustee"), at the close of business on the fifteenth day of the month preceding each hereinafter-described Interest Payment Date (each, a "Regular Record Date"), interest on such Principal Amount at the Interest Rate set forth above from the Interest Payment Date next preceding the date of authentication (unless (i) the date of authentication precedes the first Interest Payment Date in which case this 2004A Bond will bear interest from its date of issuance, or (ii) the date of authentication is an Interest Payment Date, in which case this 2004A Bond will bear interest from such date) until the principal hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, payable January 1, 2005 and thereafter semiannually on July 1 and January 1 in each year (each an "Interest Payment Date"). Both principal and interest and any premium on the redemption before the maturity of all or part hereof are payable in lawful coin or currency of the United States of America and (except for interest which is payable by check or draft as stated above) are payable at the principal corporate trust office of the Paying Agent in Charlotte, North Carolina.

THE 2004A BONDS ARE SPECIAL OBLIGATIONS OF THE CITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2004A BONDS ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DO THEY CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE UPON ANY OF ITS PROPERTY OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE INDENTURE (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE CITY ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2004A BONDS, AND NO OWNER OF THIS 2004A BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

The 2004A Bonds will be initially delivered by means of a book-entry system with no physical distribution of definitive 2004A Bonds made to the public. One definitive 2004A Bond for each maturity will be delivered to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2004A Bonds in

Authorized Denominations (hereinafter defined) with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Principal of, premium, if any, and interest on this 2004A Bond will be payable to DTC or its nominee as registered owner of the 2004A Bonds by wire transfer in immediately available funds. The City, the Paying Agent and the Trustee are not responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the 2004A Bonds or (b) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2004 Bonds of each Series to DTC.

The City, the Paying Agent, the Registrar and the Trustee have no responsibility or obligation with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount in respect of the principal of and premium, if any, and interest on the 2004A Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Indenture (hereinafter defined) to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial redemption of the 2004A Bonds; or (e) any consent given or other action taken by DTC, or its nominee.

This Bond is one of an issue of Bonds designated "*Airport Revenue Bonds, Series 2004A*" (the "*2004A Bonds*") issued under a bond order adopted by the City Council of the City (the "*City Council*") on November 18, 1985, which the City Council supplemented and amended on June 8, 1992 and August 23, 2004 (the "*Bond Order*") and a resolution adopted by the City Council on August 23, 2004 (the "*Series Resolution*"). Unless the context indicates otherwise, all capitalized, undefined terms used herein shall have the meanings ascribed to them in the Bond Order or the Series Resolution. Simultaneously with the issuance of the 2004A Bonds, the City will issue its Airport Revenue Bonds, Series 2004B (the "*2004B Bonds*"), its Taxable Airport Revenue Bonds, Series 2004C (the "*2004C Bonds*" and together with the 2004A Bonds and the 2004B Bonds, the "*2004 Fixed Rate Bonds*") and its Variable Rate Airport Revenue Bonds, Series 2004D (the "*2004D Bonds*" and together with the 2004D Bonds, the "*2004 Bonds*") under the Bond Order. Under the Bond Order, the City has previously issued its \$107,900,000 Variable Rate Airport Refunding Revenue Bonds, Series 1993A (the "*1993A Bonds*") of which \$80,200,000 remain outstanding, its \$70,295,000 Variable Rate Airport Refunding Revenue Bonds, Series 1997A (the "*1997A Bonds*") of which \$54,475,000 remain outstanding, its \$7,950,000 Fixed Rate Airport Revenue Bonds, Series 1999A (the "*1999A Bonds*") all of which remain outstanding, its \$80,200,000 Fixed Rate Airport Revenue Bonds, Series 1999B (the "*1999B Bonds*") of which \$79,295,000 remain outstanding, and its \$88,805,000 Variable Rate Airport Revenue Bonds, Series 1999D (the "*1999D Bonds*" together with the 1999A Bonds and the 1999B Bonds, the "*1999 Bonds*") of which \$52,279,000 remain outstanding. The 2004D Bonds, the 2004 Fixed Rate Bonds, the 1993A Bonds, the 1997A Bonds and any additional Bonds which may be issued under the Bond Order are parity obligations under the Bond Order.

The 2004A Bonds are being issued to pay a portion of the costs to (1) acquire and construct certain improvements to the Airport, consisting of the (a) construction of new roadways, a new taxiway and a deicing facility, (b) rehabilitation and renovation of current runways and taxiways, (c) continuation of the noise abatement program, (d) improvements to the terminal and Concourses A, B, C, and D, (e) expansion of Concourse E through the addition of up to 24 gates and other improvements, (f) construction of a new public parking deck, rental car service and maintenance facility, (g) expansion of the current employee parking facilities and the Airport's fuel farm, (h) expansion of the international arrivals area, (i) construction of additional public surface parking and other improvements at the Airport consistent with the Airport's mission, (2) pay certain costs associated with engineering related to the construction of a new runway (the "*2004 Improvements*"), and (3) pay the cost of issuance of the 2004 Bonds.

The 2004A Bonds, together with interest thereon, are special obligations of the City payable solely from Revenues after payment of the Current Expenses of the Airport and constitute a valid claim of the respective Owners thereof only against the funds and other moneys held by the Trustee for the benefit of the Owners of the 2004A Bonds, which amounts are pledged and assigned pursuant to the Bond Order for the equal and ratable payment of the A Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the 2004A Bonds, except as may be otherwise expressly authorized in the Bond Order and Series Resolution.

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

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

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

Pursuant to the Bond Order the City has, for the benefit of the Owners of the 2004A Bonds, assigned Net Revenues, the City's rights to receive Net Revenues, the moneys and Investment Obligations in the Renewal and Improvement Fund to the extent such moneys and Investment Obligations have not been encumbered by the City and the moneys and Investment Obligations in the subaccounts of the Revenue Bond Fund relating to the 2004A Bonds, to the Trustee in trust.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the Owners of the 2004A Bonds. Copies of the Bond Order and Series Resolution are on file and may be inspected at the principal office of the Trustee in Charlotte, North Carolina. By the purchase and acceptance of this 2004A Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

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

This Bond is exchangeable upon the presentation and surrender hereof at the principal corporate trust office of the Bond Registrar for the 2004A Bonds in Authorized Denominations. Upon surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Bond Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2004A Bond or 2004A Bonds. The Bond Registrar may require the payment by any Owner requesting registration of transfer or exchange of 2004A Bonds of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Bond Registrar is not required to register the transfer of or exchange any 2004A Bonds selected, called or being called for redemption in whole or in part. The person in whose name this Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this Bond will be made only to or upon the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this Bond to the extent of the sum or sums paid.

The 2004A Bonds maturing on or after July 1, 2015, may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 2014, at the Redemption Price equal to 100% of the principal amount of the 2004A Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The 2004A Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2004A Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

The 2004A Bonds are required to be redeemed to the extent of any Sinking Fund Requirement on the July 1 immediately following each Bond Year in which there is a Sinking Fund Requirement from moneys required to be deposited in the applicable subaccount of the Revenue Bond Sinking Fund Account, at a Redemption Price equal to the principal amount of the 2004A Bonds being redeemed, without premium, plus accrued interest to the date of redemption.

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

facsimile transmission, (2)(A) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or (B) if DTC or its nominee is no longer the Owner of the 2004A Bonds, by Mail to the then-registered Owners of 2004A Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the Bond Registrar, (3) to the securities depositories set forth in the Series Resolution, by Mail or facsimile transmission and (4) to at least two of the following national information services, by Mail.

Such notice must (i) specify the 2004A Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2004A Bonds are to be redeemed, the numbers of the 2004A Bonds and the portions of 2004A Bonds to be redeemed, and (ii) state that on the Redemption Date, the 2004A Bonds to be redeemed will cease to bear interest.

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

If money's are on deposit with the Trustee to pay the Redemption Price of the 2004A Bonds called for redemption and premium, if any, thereon on a Redemption Date, 2004A Bonds or portions thereof so called for redemption as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the Bond Order other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2004A Bonds or portions thereof called for redemption until such 2004A Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by the Bond Order with respect to any mutilated, lost, stolen or destroyed 2004A Bonds.

In the case of any partial redemption of 2004A Bonds, the City will select the 2004A Bonds and the maturity or maturities of the 2004A Bonds to be redeemed and DTC will select the 2004A Bonds within the same maturity pursuant to its rules and procedures or, if the book-entry system with DTC or any other securities depository has been discontinued, the Bond Registrar will select the 2004A Bonds to be redeemed by lot in such manner as the Bond Registrar in its discretion may deem proper.

If a 2004A Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2004A Bond may be redeemed, but only in a principal amount such that the unredeemed portion of such 2004A Bond is equal to an Authorized Denomination. For any 2004A Bond in a denomination of more than the minimum Authorized Denomination, the Trustee shall treat each such 2004A Bond as representing a single 2004A Bond in the minimum Authorized Denomination plus that number of 2004A Bonds that is obtained by dividing the remaining principal amount of such 2004A Bond by the minimum Authorized Denomination.

If it is determined that one or more, but not all, of the Authorized Denominations of principal amount represented by any 2004A Bond is to be called for redemption, then, on written notice of intention to redeem such Authorized Denominations of principal amount of such 2004A Bond, the Owner of such 2004A Bond, on surrender of such 2004A Bond to the Paying Agent for payment of the principal amount of such 2004A Bond, will be entitled to receive new 2004A Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2004A Bond. New 2004A Bonds representing the unredeemed balance of the principal amount of such 2004A Bonds will be issued to the Owner thereof.

If the Owner of any 2004A Bond of a denomination greater than the amount being redeemed fails to present such 2004A Bond to the Paying Agent for payment and exchange as aforesaid, such 2004A Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

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

The Series Resolution permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the 2004 Fixed Rate Bonds then Outstanding. The Series Resolution also contains provisions permitting the City and the Trustee to enter into amendments to the Series Resolution without the consent of the Owners of the 2004 Fixed Rate Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the 2004 Fixed Rate Bonds.

Any consent or request by the Owner of this 2004A Bond shall be conclusive and binding upon such Owner and upon all future Owners of this 2004A Bond and of any 2004A Bond issued upon the transfer of this 2004A Bond whether or not notation of such consent or request is made upon this 2004A Bond.

This 2004A Bond is issued with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this 2004A Bond and the execution of the Bond Order and the Series Resolution have happened, existed and have been performed as so required.

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

IN WITNESS WHEREOF, the City of Charlotte, North Carolina has caused this 2004A Bond to be executed with the manual or facsimile signatures of the Mayor and City Clerk, and has caused the City's official seal or a facsimile thereof to be impressed or imprinted hereon.

CITY OF CHARLOTTE, NORTH CAROLINA

By: Patrick L. McEvoy
Mayor

[SEAL]

By: Brenda R. Freese
City Clerk

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

JANICE T. BURKE
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This 2004A Bond is one of the Airport Revenue Bonds, Series 2004A designated herein issued under the provisions of the within-mentioned Bond Order and Series Resolution.

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Bond Registrar

By: _____
Assistant Vice President

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "*Insurer*") has issued a policy containing the following provisions, such policy being on file at Wachovia Bank, National Association Charlotte, North Carolina.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City to Wachovia Bank, National or its successor (the "*Paying Agent*") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

♦♦
\$87,095,000
City of Charlotte, North Carolina
Airport Revenue Bonds, Series 2004A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the City, or any designee of the City for such purpose. The term owner shall not include the City or any party whose agreement with the City constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504, Attention: Surveillance, and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

ASSIGNMENT

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

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

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

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

Dated: _____

Signature guaranteed by:

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

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

TRANSFER FEE MAY BE REQUIRED

EXHIBIT B
FORM OF 2004B BOND

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT REVENUE BONDS,
SERIES 2004B

No. RB-1 \$[]

<u>INTEREST RATE</u> []%	<u>DATED DATE</u> []	<u>MATURITY DATE</u> []	<u>CUSIP</u> []
---	-------------------------------------	--	--------------------------------

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [] **DOLLARS**

The City of Charlotte, North Carolina (the "City"), a municipal corporation of the State of North Carolina (the "State"), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Principal Amount stated above on the Maturity Date set forth above (or earlier as hereinafter described), and to pay such Owner at the address as it appears on the registration books kept by Wachovia Bank, National Association, the Registrar, the Trustee and the Paying Agent for the 2004B Bonds (the "Registrar," the "Paying Agent" and the "Trustee"), at the close of business on the fifteenth day of the month preceding each hereinafter-described Interest Payment Date (each, a "Regular Record Date"), interest on such Principal Amount at the Interest Rate set forth above from the Interest Payment Date next preceding the date of authentication (unless (i) the date of authentication precedes the first Interest Payment Date in which case this 2004B Bond will bear interest from its date of issuance, or (ii) the date of authentication is an Interest Payment Date, in which case this 2004B Bond will bear interest from such date) until the principal hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, payable January 1, 2005 and thereafter semiannually on July 1 and January 1 in each year (each an "Interest Payment Date"). Both principal and interest and any premium on the redemption before the maturity of all or part hereof are payable in lawful coin or currency of the United States of America and (except for interest which is payable by check or draft as stated above) are payable at the principal corporate trust office of the Paying Agent in Charlotte, North Carolina.

THE 2004B BONDS ARE SPECIAL OBLIGATIONS OF THE CITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2004B BONDS ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DO THEY CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE UPON ANY OF ITS PROPERTY OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE INDENTURE (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE CITY ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2004B BONDS, AND NO OWNER OF THIS 2004B BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

The 2004B Bonds will be initially delivered by means of a book-entry system with no physical distribution of definitive 2004B Bonds made to the public. One definitive 2004B Bond for each maturity will be delivered to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2004B Bonds in

Authorized Denominations (hereinafter defined) with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Principal of, premium, if any, and interest on this 2004B Bond will be payable to DTC or its nominee as registered owner of the 2004B Bonds by wire transfer in immediately available funds. The City, the Paying Agent and the Trustee are not responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the 2004B Bonds or (b) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2004 Bonds of each Series to DTC.

The City, the Paying Agent, the Registrar and the Trustee have no responsibility or obligation with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount in respect of the principal of and premium, if any, and interest on the 2004B Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Indenture (hereinafter defined) to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial redemption of the 2004B Bonds; or (e) any consent given or other action taken by DTC, or its nominee.

This Bond is one of an issue of Bonds designated "*Airport Revenue Bonds, Series 2004B*" (the "*2004B Bonds*") issued under a bond order adopted by the City Council of the City (the "*City Council*") on November 18, 1985, which the City Council supplemented and amended on June 8, 1992 and August 23, 2004 (the "*Bond Order*") and a resolution adopted by the City Council on August 23, 2004 (the "*Series Resolution*"). Unless the context indicates otherwise, all capitalized, undefined terms used herein shall have the meanings ascribed to them in the Bond Order or the Series Resolution. Simultaneously with the issuance of the 2004B Bonds, the City will issue its Airport Revenue Bonds, Series 2004A (the "*2004A Bonds*"), its Taxable Airport Revenue Bonds, Series 2004C (the "*2004C Bonds*" and together with the 2004A Bonds and the 2004B Bonds, the "*2004 Fixed Rate Bonds*") and its Variable Rate Airport Revenue Bonds, Series 2004D (the "*2004D Bonds*" and together with the 2004D Bonds, the "*2004 Bonds*") under the Bond Order. Under the Bond Order, the City has previously issued its \$107,900,000 Variable Rate Airport Refunding Revenue Bonds, Series 1993A (the "*1993A Bonds*") of which \$80,200,000 remain outstanding, its \$70,295,000 Variable Rate Airport Refunding Revenue Bonds, Series 1997A (the "*1997A Bonds*") of which \$54,475,000 remain outstanding, its \$7,950,000 Fixed Rate Airport Revenue Bonds, Series 1999A (the "*1999A Bonds*") all of which remain outstanding, its \$80,200,000 Fixed Rate Airport Revenue Bonds, Series 1999B (the "*1999B Bonds*") of which \$79,295,000 remain outstanding, and its \$88,805,000 Variable Rate Airport Revenue Bonds, Series 1999D (the "*1999D Bonds*" together with the 1999A Bonds and the 1999B Bonds, the "*1999 Bonds*") of which \$52,279,000 remain outstanding. The 2004D Bonds, the 2004 Fixed Rate Bonds, the 1993A Bonds, the 1997A Bonds and any additional Bonds which may be issued under the Bond Order are parity obligations under the Bond Order.

The 2004B Bonds are being issued to pay a portion of the costs to (1) acquire and construct certain improvements to the Airport, consisting of the (a) construction of new roadways, a new taxiway and a deicing facility, (b) rehabilitation and renovation of current runways and taxiways, (c) continuation of the noise abatement program, (d) improvements to the terminal and Concourses A, B, C, and D, (e) expansion of Concourse E through the addition of up to 24 gates and other improvements, (f) construction of a new public parking deck, rental car service and maintenance facility, (g) expansion of the current employee parking facilities and the Airport's fuel farm, (h) expansion of the international arrivals area, (i) construction of additional public surface parking and other improvements at the Airport consistent with the Airport's mission, (2) pay certain costs associated with engineering related to the construction of a new runway (the "*2004 Improvements*"), and (3) pay the cost of issuance of the 2004 Bonds.

The 2004B Bonds, together with interest thereon, are special obligations of the City payable solely from Revenues after payment of the Current Expenses of the Airport and constitute a valid claim of the respective Owners thereof only against the funds and other moneys held by the Trustee for the benefit of the Owners of the 2004B Bonds, which amounts are pledged and assigned pursuant to the Bond Order for the equal and ratable payment of the A Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the 2004B Bonds, except as may be otherwise expressly authorized in the Bond Order and Series Resolution.

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

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

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

Pursuant to the Bond Order the City has, for the benefit of the Owners of the 2004B Bonds, assigned Net Revenues, the City's rights to receive Net Revenues, the moneys and Investment Obligations in the Renewal and Improvement Fund to the extent such moneys and Investment Obligations have not been encumbered by the City and the moneys and Investment Obligations in the subaccounts of the Revenue Bond Fund relating to the 2004B Bonds, to the Trustee in trust.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the Owners of the 2004B Bonds. Copies of the Bond Order and Series Resolution are on file and may be inspected at the principal office of the Trustee in Charlotte, North Carolina. By the purchase and acceptance of this 2004B Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

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

This Bond is exchangeable upon the presentation and surrender hereof at the principal corporate trust office of the Bond Registrar for the 2004B Bonds in Authorized Denominations. Upon surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Bond Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2004B Bond or 2004B Bonds. The Bond Registrar may require the payment by any Owner requesting registration of transfer or exchange of 2004B Bonds of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Bond Registrar is not required to register the transfer of or exchange any 2004B Bonds selected, called or being called for redemption in whole or in part. The person in whose name this Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this Bond will be made only to or upon the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this Bond to the extent of the sum or sums paid.

The 2004B Bonds maturing on or after July 1, 2015, may be redeemed prior to their maturities, at the option of the City, from any funds that may be available for such purpose, either in whole or in part on any date on or after July 1, 2014, at the Redemption Price equal to 100% of the principal amount of the 2004B Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption.

The 2004B Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2004B Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

The 2004B Bonds are required to be redeemed to the extent of any Sinking Fund Requirement on the July 1 immediately following each Bond Year in which there is a Sinking Fund Requirement from moneys required to be deposited in the applicable subaccount of the Revenue Bond Sinking Fund Account, at a Redemption Price equal to the principal amount of the 2004B Bonds being redeemed, without premium, plus accrued interest to the date of redemption.

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

facsimile transmission, (2)(A) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or (B) if DTC or its nominee is no longer the Owner of the 2004B Bonds, by Mail to the then-registered Owners of 2004B Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the Bond Registrar, (3) to the securities depositories set forth in the Series Resolution, by Mail or facsimile transmission and (4) to at least two of the following national information services, by Mail.

Such notice must (i) specify the 2004B Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which must be the principal office of the Paying Agent) and if less than all of the 2004B Bonds are to be redeemed, the numbers of the 2004B Bonds and the portions of 2004B Bonds to be redeemed, and (ii) state that on the Redemption Date, the 2004B Bonds to be redeemed will cease to bear interest.

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

If money's are on deposit with the Trustee to pay the Redemption Price of the 2004B Bonds called for redemption and premium, if any, thereon on a Redemption Date, 2004B Bonds or portions thereof so called for redemption as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the Bond Order other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2004B Bonds or portions thereof called for redemption until such 2004B Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by the Bond Order with respect to any mutilated, lost, stolen or destroyed 2004B Bonds.

In the case of any partial redemption of 2004B Bonds, the City will select the 2004B Bonds and the maturity or maturities of the 2004B Bonds to be redeemed and DTC will select the 2004B Bonds within the same maturity pursuant to its rules and procedures or, if the book-entry system with DTC or any other securities depository has been discontinued, the Bond Registrar will select the 2004B Bonds to be redeemed by lot in such manner as the Bond Registrar in its discretion may deem proper.

If a 2004B Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2004B Bond may be redeemed, but only in a principal amount such that the unredeemed portion of such 2004B Bond is equal to an Authorized Denomination. For any 2004B Bond in a denomination of more than the minimum Authorized Denomination, the Trustee shall treat each such 2004B Bond as representing a single 2004B Bond in the minimum Authorized Denomination plus that number of 2004B Bonds that is obtained by dividing the remaining principal amount of such 2004B Bond by the minimum Authorized Denomination.

If it is determined that one or more, but not all, of the Authorized Denominations of principal amount represented by any 2004B Bond is to be called for redemption, then, on written notice of intention to redeem such Authorized Denominations of principal amount of such 2004B Bond, the Owner of such 2004B Bond, on surrender of such 2004B Bond to the Paying Agent for payment of the principal amount of such 2004B Bond, will be entitled to receive new 2004B Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2004B Bond. New 2004B Bonds representing the unredeemed balance of the principal amount of such 2004B Bonds will be issued to the Owner thereof.

If the Owner of any 2004B Bond of a denomination greater than the amount being redeemed fails to present such 2004B Bond to the Paying Agent for payment and exchange as aforesaid, such 2004B Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

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

The Series Resolution permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the 2004 Fixed Rate Bonds then Outstanding. The Series Resolution also contains provisions permitting the City and the Trustee to enter into amendments to the Series Resolution without the consent of the Owners of the 2004 Fixed Rate Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the 2004 Fixed Rate Bonds.

Any consent or request by the Owner of this 2004B Bond shall be conclusive and binding upon such Owner and upon all future Owners of this 2004B Bond and of any 2004B Bond issued upon the transfer of this 2004B Bond whether or not notation of such consent or request is made upon this 2004B Bond.


This 2004B Bond is issued with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this 2004B Bond and the execution of the Bond Order and the Series Resolution have happened, existed and have been performed as so required.

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

IN WITNESS WHEREOF, the City of Charlotte, North Carolina has caused this 2004B Bond to be executed with the manual or facsimile signatures of the Mayor and City Clerk, and has caused the City's official seal or a facsimile thereof to be impressed or imprinted hereon.

CITY OF CHARLOTTE, NORTH CAROLINA

By: 
Mayor

[SEAL]

By: 
City Clerk

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

JANICE T. BURKE
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This 2004B Bond is one of the Airport Revenue Bonds, Series 2004B designated herein issued
under the provisions of the within-mentioned Bond Order and Series Resolution.

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Bond Registrar

By: _____
Assistant Vice President

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Wachovia Bank, National Association Charlotte, North Carolina.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City to Wachovia Bank, National or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$48,465,000
City of Charlotte, North Carolina
Airport Revenue Bonds, Series 2004B
(2004B Bonds maturing July 1, 2011 through July 1, 2013
and 2004B Bonds maturing July 1, 2016 through July 1, 2023)

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the City, or any designee of the City for such purpose. The term owner shall not include the City or any party whose agreement with the City constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504, Attention: Surveillance, and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

ASSIGNMENT

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

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

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

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

Dated: _____

Signature guaranteed by:

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

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

TRANSFER FEE MAY BE REQUIRED

EXHIBIT C
FORM OF 2004C BOND

CITY OF CHARLOTTE, NORTH CAROLINA
TAXABLE AIRPORT REVENUE BONDS,
SERIES 2004C

No. RC-1 \$[]

<u>INTEREST RATE</u> []%	<u>DATED DATE</u> Date of Issuance	<u>MATURITY DATE</u> []	<u>CUSIP</u> []
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REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: [] **DOLLARS**

The City of Charlotte, North Carolina (the "City"), a municipal corporation of the State of North Carolina (the "State"), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Owner named above the Principal Amount stated above on the Maturity Date set forth above (or earlier as hereinafter described), and to pay such Owner at the address as it appears on the registration books kept by Wachovia Bank, National Association, the Registrar, the Trustee and the Paying Agent for the 2004C Bonds (the "Registrar," the "Paying Agent" and the "Trustee"), at the close of business on the fifteenth day of the month preceding each hereinafter-described Interest Payment Date (each, a "Regular Record Date"), interest on such Principal Amount at the Interest Rate set forth above from the Interest Payment Date next preceding the date of authentication (unless (i) the date of authentication precedes the first Interest Payment Date in which case this 2004C Bond will bear interest from its date of issuance, or (ii) the date of authentication is an Interest Payment Date, in which case this 2004C Bond will bear interest from such date) until the principal hereof shall have been paid or provided for in accordance with the Indenture hereinafter referred to, payable January 1, 2005 and thereafter semiannually on July 1 and January 1 in each year (each an "Interest Payment Date"). Both principal and interest and any premium on the redemption before the maturity of all or part hereof are payable in lawful coin or currency of the United States of America and (except for interest which is payable by check or draft as stated above) are payable at the principal corporate trust office of the Paying Agent in Charlotte, North Carolina.

THE 2004C BONDS ARE SPECIAL OBLIGATIONS OF THE CITY. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE 2004C BONDS ARE NOT PAYABLE FROM THE GENERAL FUNDS OF THE CITY, NOR DO THEY CONSTITUTE A LEGAL OR EQUITABLE PLEDGE, CHARGE, LIEN, OR ENCUMBRANCE UPON ANY OF ITS PROPERTY OR UPON ANY OF ITS INCOME, RECEIPTS, OR REVENUES EXCEPT THE FUNDS WHICH ARE PLEDGED UNDER THE INDENTURE (HEREINAFTER DEFINED). NEITHER THE CREDIT NOR THE TAXING POWER OF THE STATE OR THE CITY ARE PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2004C BONDS, AND NO OWNER OF THIS 2004C BOND HAS THE RIGHT TO COMPEL THE EXERCISE OF THE TAXING POWER BY THE STATE OR THE CITY OR THE FORFEITURE OF ANY OF ITS PROPERTY IN CONNECTION WITH ANY DEFAULT.

The 2004C Bonds will be initially delivered by means of a book-entry system with no physical distribution of definitive 2004C Bonds made to the public. One definitive 2004C Bond for each maturity will be delivered to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2004C Bonds in

Authorized Denominations (hereinafter defined) with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. Principal of, premium, if any, and interest on this 2004C Bond will be payable to DTC or its nominee as registered owner of the 2004C Bonds by wire transfer in immediately available funds. The City, the Paying Agent and the Trustee are not responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

If (a) DTC determines not to continue to act as securities depository for the 2004C Bonds or (b) the Trustee and the City determine to discontinue the book entry system in accordance with DTC's rules and the City fails to identify another qualified securities depository to replace DTC, the City will deliver fully registered definitive 2004 Bonds of each Series to DTC.

The City, the Paying Agent, the Registrar and the Trustee have no responsibility or obligation with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount in respect of the principal of and premium, if any, and interest on the 2004C Bonds; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Indenture (hereinafter defined) to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial redemption of the 2004C Bonds; or (e) any consent given or other action taken by DTC, or its nominee.

This Bond is one of an issue of Bonds designated "*Taxable Airport Revenue Bonds, Series 2004C*" (the "*2004C Bonds*") issued under a bond order adopted by the City Council of the City (the "*City Council*") on November 18, 1985, which the City Council supplemented and amended on June 8, 1992 and August 23, 2004 (the "*Bond Order*") and a resolution adopted by the City Council on August 23, 2004 (the "*Series Resolution*"). Unless the context indicates otherwise, all capitalized, undefined terms used herein shall have the meanings ascribed to them in the Bond Order or the Series Resolution. Simultaneously with the issuance of the 2004C Bonds, the City will issue its Airport Revenue Bonds, Series 2004A (the "*2004A Bonds*"), its Airport Revenue Bonds, Series 2004B (the "*2004B Bonds*" and together with the 2004C Bonds and the 2004A Bonds, the "*2004 Fixed Rate Bonds*") and its Variable Rate Airport Revenue Bonds, Series 2004D (the "*2004D Bonds*" together with the 2004 Fixed Rate Bonds, the "*2004 Bonds*") under the Bond Order. Under the Bond Order, the City has previously issued its \$107,900,000 Variable Rate Airport Refunding Revenue Bonds, Series 1993A (the "*1993A Bonds*") of which \$80,200,000 remain outstanding, its \$70,295,000 Variable Rate Airport Refunding Revenue Bonds, Series 1997A (the "*1997A Bonds*") of which \$54,475,000 remain outstanding, its \$7,950,000 Fixed Rate Airport Revenue Bonds, Series 1999A (the "*1999A Bonds*") all of which remain outstanding, its \$80,200,000 Fixed Rate Airport Revenue Bonds, Series 1999B (the "*1999B Bonds*") of which \$79,295,000 remain outstanding, and its \$88,805,000 Variable Rate Airport Revenue Bonds, Series 1999D (the "*1999D Bonds*" together with the 1999A Bonds and the 1999B Bonds, the "*1999 Bonds*") of which \$52,279,000 remain outstanding. The 2004D Bonds, the 2004 Fixed Rate Bonds, the 1993A Bonds, the 1997A Bonds and any additional Bonds which may be issued under the Bond Order are parity obligations under the Bond Order.

The 2004C Bonds are being issued to pay a portion of the costs to (1) acquire and construct certain improvements to the Airport, consisting of the (a) construction of new roadways, a new taxiway and a deicing facility, (b) rehabilitation and renovation of current runways and taxiways, (c) continuation of the noise abatement program, (d) improvements to the terminal and Concourses A, B, C, and D, (e) expansion of Concourse E through the addition of up to 24 gates and other improvements, (f) construction of a new public parking deck, rental car service and maintenance facility, (g) expansion of the current employee parking facilities and the Airport's fuel farm, (h) expansion of the international arrivals area, (i) construction of additional public surface parking and other improvements at the Airport consistent with the Airport's mission, (2) pay certain costs associated with engineering related to the construction of a new runway (the "*2004 Improvements*"), and (3) pay the cost of issuance of the 2004 Bonds.

The 2004C Bonds, together with interest thereon, are special obligations of the City payable solely from Revenues after payment of the Current Expenses of the Airport and constitute a valid claim of the respective Owners thereof only against the funds and other moneys held by the Trustee for the benefit of the Owners of the 2004C Bonds, which amounts are pledged and assigned pursuant to the Bond Order for the equal and ratable payment of the A Bonds and will be used for no other purpose than to pay the principal of, premium, if any, and interest on the 2004C Bonds, except as may be otherwise expressly authorized in the Bond Order and Series Resolution.

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

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

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

Pursuant to the Bond Order the City has, for the benefit of the Owners of the 2004C Bonds, assigned Net Revenues, the City's rights to receive Net Revenues, the moneys and Investment Obligations in the Renewal and Improvement Fund to the extent such moneys and Investment Obligations have not been encumbered by the City and the moneys and Investment Obligations in the subaccounts of the Revenue Bond Fund relating to the 2004C Bonds, to the Trustee in trust.

Reference is made to the Bond Order and the Series Resolution for a more complete statement of the provisions thereof and of the rights of the City, the Trustee and the Owners of the 2004C Bonds. Copies of the Bond Order and Series Resolution are on file and may be inspected at the principal office of the Trustee in Charlotte, North Carolina. By the purchase and acceptance of this 2004C Bond, the Owner hereof signifies assent to all of the provisions of the aforementioned documents.

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

This Bond is exchangeable upon the presentation and surrender hereof at the principal corporate trust office of the Bond Registrar for the 2004C Bonds in Authorized Denominations. Upon surrender for registration of transfer, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner hereof or his or her attorney duly authorized in writing, the Bond Registrar will authenticate and deliver in the name of the transferee or transferees a new fully registered 2004C Bond or 2004C Bonds. The Bond Registrar may require the payment by any Owner requesting registration of transfer or exchange of 2004C Bonds of any tax, fee or other governmental charge required to be paid with respect to such registration of transfer or exchange. The Bond Registrar is not required to register the transfer of or exchange any 2004C Bonds selected, called or being called for redemption in whole or in part. The person in whose name this Bond is registered will be deemed and regarded as the absolute owner hereof for all purposes, and payment of this Bond will be made only to or upon the written order of the Owner hereof to his or her legal representative. All such payments will be valid and effectual to satisfy and discharge this Bond to the extent of the sum or sums paid.

The 2004C Bonds may not be redeemed prior to their maturities.

The 2004C Bonds will be subject to optional redemption by the City, in whole or in part on any date at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest to the date of redemption, on instructions from the City, from the Net Proceeds of insurance or Eminent Domain which are deposited in the Series 2004C Subaccount of the Revenue Bond Redemption Account, as provided in the Bond Order.

Notice of redemption will be given by the Trustee not less than 30 days nor more than 60 days before the Redemption Date (1) to the North Carolina Local Government Commission by Mail or facsimile transmission, (2)(A) to DTC or its nominee by registered or certified mail at the address provided to the Trustee by DTC or (B) if DTC or its nominee is no longer the Owner of the 2004C Bonds, by Mail to the then-registered Owners of 2004C Bonds or portions thereof to be redeemed at the last address shown on the registration books kept by the Bond Registrar, (3) to the securities depositories set forth in the Series Resolution, by Mail or facsimile transmission and (4) to at least two of the following national information services, by Mail.

Such notice must (i) specify the 2004C Bonds to be redeemed, the Redemption Date, the Redemption Price and the place or places where amounts due on such redemption must be payable (which

must be the principal office of the Paying Agent) and if less than all of the 2004C Bonds are to be redeemed, the numbers of the 2004C Bonds and the portions of 2004C Bonds to be redeemed, and (ii) state that on the Redemption Date, the 2004C Bonds to be redeemed will cease to bear interest.

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

If moneys are on deposit with the Trustee to pay the Redemption Price of the 2004C Bonds called for redemption and premium, if any, thereon on a Redemption Date, 2004C Bonds or portions thereof so called for redemption as hereinabove specified will not bear interest after such Redemption Date and will not be considered to be Outstanding or to have any other rights under the Bond Order other than the right to receive payment. No payment of principal will be made by the Paying Agent on any 2004C Bonds or portions thereof called for redemption until such 2004C Bonds or portions thereof have been delivered for payment or cancellation or the Paying Agent has received the items required by the Bond Order with respect to any mutilated, lost, stolen or destroyed 2004C Bonds.

In the case of any partial redemption of 2004C Bonds, the City will select the 2004C Bonds and the maturity or maturities of the 2004C Bonds to be redeemed and DTC will select the 2004C Bonds within the same maturity pursuant to its rules and procedures or, if the book-entry system with DTC or any other securities depository has been discontinued, the Bond Registrar will select the 2004C Bonds to be redeemed by lot in such manner as the Bond Registrar in its discretion may deem proper.

If a 2004C Bond subject to redemption is in a denomination larger than the minimum Authorized Denomination, a portion of such 2004C Bond may be redeemed, but only in a principal amount such that the unredeemed portion of such 2004C Bond is equal to an Authorized Denomination. For any 2004C Bond in a denomination of more than the minimum Authorized Denomination, the Trustee shall treat each such 2004C Bond as representing a single 2004C Bond in the minimum Authorized Denomination plus that number of 2004C Bonds that is obtained by dividing the remaining principal amount of such 2004C Bond by the minimum Authorized Denomination.

If it is determined that one or more, but not all, of the Authorized Denominations of principal amount represented by any 2004C Bond is to be called for redemption, then, on written notice of intention to redeem such Authorized Denominations of principal amount of such 2004C Bond, the Owner of such 2004C Bond, on surrender of such 2004C Bond to the Paying Agent for payment of the principal amount of such 2004C Bond, will be entitled to receive new 2004C Bonds in the aggregate principal amount of the unredeemed balance of the principal amount of such 2004C Bond. New 2004C Bonds representing the unredeemed balance of the principal amount of such 2004C Bonds will be issued to the Owner thereof.

If the Owner of any 2004C Bond of a denomination greater than the amount being redeemed fails to present such 2004C Bond to the Paying Agent for payment and exchange as aforesaid, such 2004C Bond will, nevertheless, become due and payable on the date fixed for redemption to the extent of the denomination being redeemed and to that extent only.

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

The Series Resolution permits amendment thereto upon the agreement of the City and the Trustee and with the approval of not less than 51% in aggregate principal amount of the 2004 Fixed Rate Bonds then Outstanding. The Series Resolution also contains provisions permitting the City and the Trustee to enter into amendments to the Series Resolution without the consent of the Owners of the 2004 Fixed Rate Bonds then Outstanding for certain purposes which do not affect adversely the interest of the Owners of the 2004 Fixed Rate Bonds.

Any consent or request by the Owner of this 2004C Bond shall be conclusive and binding upon such Owner and upon all future Owners of this 2004C Bond and of any 2004C Bond issued upon the transfer of this 2004C Bond whether or not notation of such consent or request is made upon this 2004C Bond.

This 2004C Bond is issued with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this 2004C Bond and the execution of the Bond Order and the Series Resolution have happened, existed and have been performed as so required.

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

IN WITNESS WHEREOF, the City of Charlotte, North Carolina has caused this 2004C Bond to be executed with the manual or facsimile signatures of the Mayor and City Clerk, and has caused the City's official seal or a facsimile thereof to be impressed or imprinted hereon.

CITY OF CHARLOTTE, NORTH CAROLINA

By: Patrick J. Morley
Mayor

[SEAL]

By: Gwendolyn B. Freese
City Clerk

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

JANICE T. BURKE
Secretary of the Local Government Commission

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This 2004C Bond is one of the Taxable Airport Revenue Bonds, Series 2004C designated herein
issued under the provisions of the within-mentioned Bond Order and Series Resolution.

..

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Bond Registrar

By: _____
Assistant Vice President

STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Wachovia Bank, National Association Charlotte, North Carolina.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City to Wachovia Bank, National or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

♦♦

\$15,215,000
City of Charlotte, North Carolina
Taxable Airport Revenue Bonds, Series 2004C

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the City, or any designee of the City for such purpose. The term owner shall not include the City or any party whose agreement with the City constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504, Attention: Surveillance, and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

ASSIGNMENT

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

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

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

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

Dated: _____

Signature guaranteed by:

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

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

TRANSFER FEE MAY BE REQUIRED

**RESOLUTION ACCEPTING RECOMMENDATIONS INCLUDED IN THE
NORTH CORRIDOR RAIL LINE TRAFFIC SEPARATION STUDY**

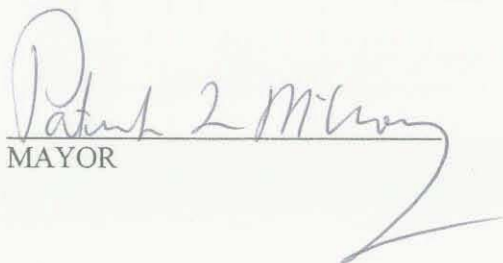
Whereas the Charlotte Area Transit System ("CATS") is planning the implementation of new commuter rail service between downtown Charlotte and Mooresville, NC, along the Norfolk Southern Railway "O" line; and

WHEREAS, the City of Charlotte entered into a Municipal Agreement, dated November 20, 2004, with the North Carolina Department of Transportation (NCDOT) to undertake a study of all grade crossings on the Charlotte-Mooresville "O" rail line; and,

WHEREAS, a comprehensive study of the grade crossings along the rail line has now been completed and a Final Report issued; and,

WHEREAS, the study has been presented in summary form to the Technical Coordinating Committee on February 6, 2003 and the Mecklenburg-Union Metropolitan Planning Organization (MUMPO) on May 21, 2003 and was approved by the MUMPO at that same meeting;

NOW, THEREFORE, BE IT RESOLVED, the City of Charlotte formally accepts and approves the Traffic Separation Study Final Report and the recommendations contained therein, subject to modifications agreed to by Charlotte and NCDOT with respect to specific crossings as required to reflect changed circumstances. Further, the City agrees to work with the Rail Division of the NCDOT to make a best effort to timely implement the safety recommendations.


MAYOR

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 222-223.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk

RESOLUTION OF THE CHARLOTTE CITY COUNCIL
REGARDING A "SIXTH AMENDMENT TO PURCHASE AND SALE
AGREEMENT,
AND GENERAL DEVELOPMENT AND FUNDING AGREEMENT" AND "FIRST
AMENDMENT TO "PARKING SPACE MANAGEMENT AGREEMENT"

WHEREAS, on April 12, 1999, the Charlotte City Council ("Council") adopted a resolution that:

- (a) authorized the City's investment of \$16 Million Dollars in a convention center hotel and parking deck in accordance with the terms and provisions of a Development and Funding Agreement, and thereby acquiring unencumbered title to specified Meeting Facilities and 500 parking spaces as therein provided, such funds to be invested by the City to be allocated from revenues derived from the prepared food tax and the hotel/motel tax levied as authorized by 1989 NC Session Law, sec. 821;
- (b) authorized and directed the City Manager to execute on behalf of the City certain specified "Transaction Documents" that established the relationship among the City (and the Auditorium-Coliseum-Convention Center Authority where applicable), Trade Mart Associates, Ltd., Portman Holdings, L.P., and Starport I, LLC (the entity formed by Portman to develop and own the Project);
- (c) authorized and directed the City Manager to negotiate and subsequently execute on behalf of the City a Declaration of Condominium and Declaration of Easements, Covenants, Conditions and Restrictions for the Charlotte Convention Center Hotel in such form as shall be approved by the City Attorney in order to further implement the Transaction Documents and all as more fully provided in the Development and Funding Agreement; and
- (d) authorized the City Manager to make such minor modifications or revisions to the Transaction Documents as shall be reasonably necessary or desirable in order to address technical concerns or requests that may be raised by the financial institution providing construction and/or permanent financing for the Project or by the City Bond Counsel provided, however, the following changes or modifications to the Transaction Documents must be first approved by Council: (i) increasing the amount of the City's investment; (ii) eliminating the City's right to specific performance of the Transaction Documents; (iii) reducing the number of hotel rooms to less than 700; (iv) diminishing the quality of title to be received by the City in the Meeting Facility and 500 parking spaces; (v) modifying the term of any of the Transaction Documents, (vi) reducing the number of rooms available under the Room Block Agreement; (vii) reducing the number of parking spaces available under the Parking Space Commitment; or (viii) diminishing the protection now afforded the City in the event of a termination of the ground lease to Developer, a foreclosure under any financing secured by Developer,

upon a bankruptcy of Developer or operator or upon a sale of the hotel and parking facility; and

- (e) authorized the City Manager to take all such other and further steps and execute such other certificates, documents and agreements necessary or desirable in order to carry out the intent and purposes of the foregoing resolutions; and

WHEREAS, due to changes in the capital markets that made it impossible for the Developer to secure necessary debt and equity funding for the convention center hotel and parking deck project, on November 8, 1999, the Council adopted a resolution that;

- (a) authorized a First Amendment to Purchase and Sale Agreement, and General Development and Funding Agreement which incorporates a Parking Space Management Agreement Term Sheet calling for the City to pay up to \$2.5 million annually for management services for its 500 parking spaces, such funds to be paid for solely from revenues derived from the prepared food tax and the hotel/motel tax levied as authorized by 1989 NC Session Law, sec. 821, and subject to specified reimbursement obligations and safeguard measures;

- (b) authorized and directed the City Manager to execute on behalf of the City the First Amendment to Purchase and Sale Agreement, and General Development and Funding Agreement;

- (c) authorized and directed the City Manager to negotiate and execute on behalf of the City a Parking Space Management Agreement that shall be consistent with the Parking Space Management Agreement Term Sheet subject to such minor deviations as shall be reasonably necessary or desirable in order to address technical concerns or requests that may be raised by the financial institution providing construction and/or permanent financing for the Project or by the City Bond Counsel provided, however, the following deviations must be first approved by Council: (i) increasing the annual parking space management fee to be paid by the City above \$2.5 million; (ii) eliminating or reducing the cash flow guarantee by the parking garage operator; (iii) eliminating or reducing the management fee reimbursement obligation or the priority of such reimbursement obligation; (iv) eliminating the City's rights upon default; (v) eliminating or reducing the protections of the affirmative covenants material to the City, (vi) eliminating or reducing the Developer's letter of credit obligation; (vii) eliminating or reducing the Developer's year 6-10 escrow funding obligation; and

- (d) authorized the City Manager to take all such other and further steps and execute such other certificates, documents and agreements necessary or desirable in order to carry out the intent and purposes of the foregoing resolutions; and

WHEREAS, due to favorable performance of the convention center hotel and parking deck and current market conditions, the Developer wishes to refinance and restructure certain loans related to the convention center hotel and parking deck project, which refinancing and restructuring requires the approval of the City; and

WHEREAS, in exchange for the City's approval of the contemplated refinancing and restructuring, the Developer has offered to take certain steps that will enhance the City's position regarding the City's investment in the project; and

WHEREAS, this Council, recognizing the benefit that will accrue to the City through the enhancement of the City's position regarding the City's investment in the project, desires to authorize the City Manager to execute, on behalf of the City, such amendments to the "Purchase and Sale Agreement, General Development and Funding Agreement", "Parking Space Management Agreement", and such other documents or amendments to documents as are necessary to facilitate the refinancing and restructuring of loans related to the Project subject to the terms of this resolution.

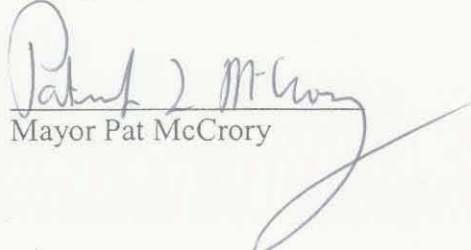
NOW, THEREFORE, be it resolved that:

Notwithstanding the limitations set forth in the above-referenced resolutions approved on April 12, 1999 and November 8, 1999, the City Manager is authorized and directed to negotiate and execute on behalf of the City such amendments to the "Purchase and Sale Agreement, General Development and Funding Agreement", "Parking Space Management Agreement", and such other documents or amendments to documents as are necessary to facilitate the Developer's refinancing and restructuring of loans related to the Project subject to the following limitations and requirements:

- (a) the Developer's first mortgage debt on the convention center hotel shall not exceed \$84,000,000;
- (b) the Developer shall use a portion of the refinancing proceeds to purchase a portion of the convention center hotel site that the Developer is currently leasing;
- (c) the Developer shall use a portion of the refinancing proceeds to pay the City the deferred portion of the 2003 Participation Payment under the Parking Space Management Agreement;
- (d) the Developer shall use a portion of the refinancing proceeds to make an advanced payment to the City of a portion of the 2004 Participation Payment under the Parking Space Management Agreement;
- (e) the Developer will provide a guarantee, acceptable to the City, for the remainder of the 2004 Participation Agreement under the Parking Space Management Agreement;
- (f) the City's Deed of Trust on a majority of the parking spaces within the parking deck shall be elevated to a first lien position;
- (g) the City will acknowledge that Starwood Hotels & Resorts Worldwide, Inc., has no further obligations under the Parking Space Management Agreement since the Delayed Opening Reimbursement has been paid to the City;

- (h) the Developer shall pay all of the City's legal fees and other transaction costs resulting from this refinancing; and
- (i) the City will agree to release, for no charge other than legal fees and other transaction costs, the air rights above the parking deck at such time as the Developer presents to the City a financed development project that requires the use of those air rights.

Adopted this 23rd day of August, 2004.


Mayor Pat McCrory

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 224-227.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.


Brenda R. Freeze, CMC, City Clerk

RESOLUTION

RESOLUTION IN SUPPORT OF AMENDMENT ONE: SELF-FINANCING BONDS

A Local Economic Development Tool to Create Quality Jobs, Revitalize Communities and Attract New Economic Opportunities in North Carolina

WHEREAS, the City of Charlotte needs to attract more jobs and economic development; and

WHEREAS, self-financing development bonds will have a direct impact on creating new jobs, new investment, and strengthening the tax base in our state; and

WHEREAS, communities across the nation have used these bonds successfully to promote sound economic development; and

WHEREAS, the use of these bonds will make a difference for every community – urban, suburban and rural; and

WHEREAS, these bonds will give local governments flexibility to pursue multiple types of economic development projects including industrial site development, redevelopment of existing industrial and Brownfield sites, affordable housing and community revitalization; and

WHEREAS, these bonds allow North Carolina's local governments to use a new mechanism to invest in public improvements designed to attract private sector investment; and

WHEREAS, North Carolina is one of only two states in the nation that do not have this economic development tool; and

WHEREAS, self-financing development bonds have received broad bi-partisan support from the General Assembly and the business community, as well as municipal, county and state government and former Governors Holshouser, Martin and Hunt; and

WHEREAS, North Carolina will have some of the strongest safeguards in the country to ensure self-financing bonds are used for good purposes; and

WHEREAS, these bonds are subject to voter approval on the November 2004 ballot and deserve rightful consideration by the citizens of the State; and

NOW, THEREFORE, BE IT RESOLVED THAT the City of Charlotte strongly supports self-financing development bonds because now is the time to enhance our ability to create new jobs and investment in our municipality.

BE IT FURTHER RESOLVED that the City of Charlotte pledges to work to educate and inform the citizens of our state and community about self-financing development bonds and pledges to encourage voters to approve Amendment One in November 2004.

CERTIFICATION

I, Brenda R. Freeze, City Clerk of the City of Charlotte, North Carolina, DO HEREBY CERTIFY that the foregoing is a true and exact copy of a Resolution adopted by the City Council of the City of Charlotte, North Carolina, in regular session convened on the 23rd day of August, 2004, the reference having been made in Minute Book 121, and recorded in full in Resolution Book 39, Pages 228-229.

WITNESS my hand and the corporate seal of the City of Charlotte, North Carolina, this the 24th day of August, 2004.



Brenda R. Freeze, CMC, City Clerk