

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

TRANSMISSION SERVICES REVENUE BOND RESOLUTION

Adopted March 22, 2012

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TRANSMISSION SERVICES REVENUE BOND RESOLUTION

Adopted March 22, 2012

NOW, THEREFORE, BE IT RESOLVED BY THE CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE, AS FOLLOWS:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

101. Definitions. The following terms shall, for all purposes of the Resolution, have the following meanings:

Account or Accounts shall mean, as the case may be, each or all of the Accounts established in Section 502.

Accountant's Certificate shall mean a certificate signed by an independent certified public accountant or a firm of independent certified public accountants (who may be the accountant or firm of accountants who regularly audit the books of CMEEC) selected by CMEEC.

Accreted Value shall mean with respect to any Capital Appreciation Bond, (i) as of any Valuation Date, the amount set forth for such Date in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Accreted Values for such Valuation Dates.

Accrued Aggregate Debt Service shall mean, as of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Bonds, calculating the accrued Debt Service with respect to each Series at an amount equal to the sum of (i) interest on the Bonds (including interest on Variable Interest Rate Bonds and Commercial Paper based upon the actual interest payable on such Variable Interest Rate Bonds and Commercial Paper) of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Series next due which would have accrued (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month. For purposes of this definition, (i) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of the Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments in the same manner as is provided herein under the definition of Debt Service; and (ii) the Principal Installments, interest and other charges with respect to Reimbursement Obligations, Credit Obligations and Financial

Contracts, to the extent such Reimbursement Obligations, Credit Obligations and Financial Contracts are payable from the Debt Service Fund, shall be deemed Debt Service to the extent the same are accrued (calculating the accrued Principal Installments of such Reimbursement Obligations, Credit Obligations and Financial Contracts in the same manner as provided in the definition of Debt Service) and unpaid to the end of such calendar month pursuant to the terms of the Reimbursement Obligations, Credit Obligations and the Financial Contracts. For purposes of this definition, the Principal Installments, interest and other charges with respect to Reimbursement Obligations shall not be included in the definition of Accrued Aggregate Debt Service if the result of such inclusion for any period would be the duplication of the amount of the principal and interest on the Bonds and the amount due on such Reimbursement Obligations.

Act shall mean Title 7, Chapter 101a of the General Statutes of the State of Connecticut, as amended.

Additional Bonds shall mean Bonds authenticated and delivered upon original issuance pursuant to Section 204.

Aggregate Debt Service for any period shall mean, as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds. For purposes of this definition, the Principal Installments, interest and other charges with respect to Reimbursement Obligations shall not be included in the definition of Aggregate Debt Service.

Annual Budget shall mean the annual budget adopted by the Board of CMEEC, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 710.

Appreciated Value shall mean with respect to any Deferred Income Bond prior to the Interest Commencement Date, (i) as of any Valuation Date, the Appreciated Value of any Deferred Income Bond set forth for such Date in the Supplemental Resolution authorizing such Deferred Income Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Appreciated Values for such Valuation Dates.

Authorized Officer of CMEEC shall mean the Chairman, Vice Chairman, Chief Executive Officer, Secretary, Treasurer or Assistant Treasurer of CMEEC or any person or persons designated by CMEEC by resolution to act on behalf of CMEEC under the Resolution. The designation of such person or persons shall be evidenced by a written certificate containing the specimen signature of such person or persons and signed on behalf of CMEEC by its Chairman or Vice Chairman.

Beneficial Owner shall have the meaning given to such term in Section 309.

Board shall mean the Board of Directors of CMEEC, or if said Board shall be abolished, the board, body, commission or agency succeeding to the principal functions thereof or to whom the power and duties granted or imposed by the Resolution shall be given by law.

Bond or Bonds shall mean any bonds, notes or other evidences of indebtedness (other than Subordinated Debt), as the case may be, issued pursuant to the Resolution, including Reimbursement Obligations, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1106.

Bond Registrar shall mean the Trustee and any other bank or trust company organized under the laws of any state of the United States of America or national banking association appointed by CMEEC to perform the duties of Bond Registrar enumerated in Section 304.

Business Day shall mean, except as otherwise provided in a Supplemental Resolution with respect to a Series of Bonds, any day other than a Saturday, Sunday or legal holiday in the State, or a day on which either the Trustee or CMEEC is legally authorized to close.

Capital Appreciation Bonds shall mean any Bonds hereafter issued as to which interest is payable only at the maturity or prior redemption of such Bonds. For the purposes of (i) receiving payment of the Redemption Price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, or (ii) computing the principal amount of Bonds held by the owner of a Capital Appreciation Bond in giving any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

CL&P shall mean The Connecticut Light and Power Company, and its successors and assigns.

CL&P Guaranty shall mean the Unconditional Guaranty of Payment and Performance by CMEEC in favor of CL&P.

CMEEC shall mean the Connecticut Municipal Electric Energy Cooperative, a public body corporate and politic organized and existing under the Act.

Code shall mean the Internal Revenue Code of 1986, as amended and supplemented, and any successor provisions thereto.

Commercial Paper shall mean Bonds issued as part of a program of short-term Bonds having the characteristics of commercial paper in that (i) such Bonds have a stated maturity not later than 270 days from their date of issue and (ii) maturing Bonds of such program may be paid with the proceeds of Bonds having the characteristics of Commercial Paper. Notwithstanding the foregoing, Commercial Paper may be paid with the proceeds of other Bonds. The Supplemental Resolution authorizing such Commercial Paper shall designate the Bonds as Commercial Paper.

Construction Fund shall mean the Construction Fund established in Section 502.

Cost shall mean CMEEC's costs, expenses and liabilities paid or incurred or to be paid or incurred by CMEEC in connection with the planning, engineering, designing, acquiring, constructing, installing, financing, operating, maintaining, retiring and disposing of any facilities

necessary for CMEEC's transmission operations or any portion thereof, and the obtaining of all governmental approvals, certificates, permits and licenses with respect thereto, including, but not limited to, the cost of any demolitions or relocations necessary in connection therewith, any good faith or other similar payment or deposits, the cost of acquisition by or for CMEEC of real and personal property or any interests therein, costs of physical construction and costs of CMEEC incidental to such construction or acquisition, all costs relating to injury and damage claims, the cost of any indemnity or surety bonds and premiums on insurance, including obligations to a stock, mutual or reciprocal insurance company or exchange, preliminary investigation and development costs, engineering fees and expenses, contractors' fees and expenses, the costs of labor, materials, equipment and utility services and supplies, legal and financial advisory fees and expenses, interest and financing costs, including, without limitation, Credit Enhancement fees, bond insurance and indemnity premiums, and any other means of providing credit enhancement or credit support, costs with respect to Financial Contracts, fees and expenses of the Fiduciaries, administration and general overhead expenses and costs of keeping accounts and making reports required by the Resolution prior to or in connection with the completion of construction, amounts, if any, paid or to be paid into any Fund or Account created under the Resolution for any of the respective purposes thereof, payments when due (whether at the maturity of principal or the due date of interest or upon redemption or purchase) on any indebtedness of CMEEC, including Bonds, notes and Subordinated Debt, incurred with respect to any of the foregoing, and working capital and reserves therefor, and all federal, state and local taxes and payments in lieu of taxes legally required to be paid and shall include reimbursements to CMEEC or CMEEC for any of the above items theretofore paid by or on behalf of CMEEC or CMEEC. It is intended that this definition of Cost be broadly construed to encompass all costs, expenses and liabilities of CMEEC which shall be permitted to be funded with the proceeds of Bonds pursuant to the provisions of the Act.

Credit Enhancement shall mean, with respect to the Bonds of a Series or a maturity within a Series, the issuance of an insurance policy, letter of credit, liquidity facility, surety bond or any other similar obligation, whereby the issuer thereof becomes obligated (i) to pay when due to the extent not paid by CMEEC or otherwise, the principal of and interest on such Bonds or (ii) to purchase such Bonds.

Credit Enhancer shall mean any person or entity which, pursuant to a Supplemental Resolution, is designated as a Credit Enhancer and which provides Credit Enhancement.

Credit Obligation shall mean (i) the TRANSCO Agreement and the CL&P Guaranty and (ii) any obligation of CMEEC under a contract, lease, installment sales agreement or other instrument, to make payments for property, services or commodities, including transmission capacity, whether or not the same are made available, furnished or received, or any other obligation of CMEEC under which CMEEC lends credit to or guarantees debts, claims or other obligations of any other person for the purpose of obtaining property, services or commodities, including transmission capacity, only to the extent such obligation requires payment from a designated fund or account created under the Resolution.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Bonds Outstanding, an amount equal to the sum of (i) the interest

accruing during such period on such Series of Bonds, except to the extent that such interest is to be paid from deposits made from Bond proceeds into the Debt Service Fund and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series or, if there shall be no such preceding Principal Installment due date, from a date one year (or such lesser period as shall be appropriate if Principal Installments shall become due more frequently than annually) preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later. For purposes of such calculations, the following assumptions are to be used:

(i) such interest and Principal Installments for such Series shall be calculated on the assumptions that no Bonds of such Series Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of each Principal Installment on the due date thereof and the principal amount of Option Bonds tendered for payment and not remarketed before the stated maturity thereof shall be deemed to accrue on the date required to be paid pursuant to such tender in the manner and only to the extent required by the Supplemental Resolution authorizing such Option Bonds;

(ii) at the option of CMEEC, written notice of which shall be signed by an Authorized Officer of CMEEC and filed with the Trustee, any maturity of the Bonds (herein Balloon Bonds) may be deemed to be treated as if such principal were deemed to accrue over a period extending from the date of issuance of the Series of the Bonds containing such maturity to the 30th anniversary of date of issuance of such Balloon Bonds, in installments which would have required equal annual payments of principal and interest over such period with interest being calculated at such rate of interest as a banking or financial institution selected by CMEEC determines would be a reasonable estimate of the rate of interest that the Balloon Bonds would have borne if such Balloon Bonds were marketed as Bonds having a maturity date on the 30th anniversary of the date of issuance of such Balloon Bonds; provided, however, that if CMEEC has not refinanced such Balloon Bonds at least 35 days prior to the maturity date of the Balloon Bonds, then the principal of the Balloon Bonds shall be included in Debt Service;

(iii) unless otherwise provided in (vi) below in the case of Variable Interest Rate Bonds and Commercial Paper, with respect to a particular period and date of calculation, the interest rate thereon shall be calculated on the assumption that such Bonds will bear interest during such period at the Estimated Interest Rate for such Bonds; provided that, if on such date of calculation the interest rate on Variable Interest Rate Bonds shall then be fixed for a specified period, the interest rate used for such specified period for the purposes of the foregoing calculation shall be such actual interest rate;

(iv) the principal of Bonds issued as Commercial Paper will be treated as if such principal were Balloon Bonds as provided in (ii) above;

(v) the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Income Bonds becoming due at maturity or by virtue of a Sinking Fund Installment shall be included in the calculations of accrued and unpaid and accruing interest or Principal Installments made under this definition only from and after the date (the "Calculation Date") which is one (1) year (or such lesser period if so provided in the Supplemental Resolution authorizing a particular Series of Bonds) prior to the date on which such Accreted Value or Appreciated Value becomes so due, and the principal and interest portions of such Accreted Value or Appreciated Value shall be deemed to accrue in equal daily installments from the Calculation Date to such date;

(vi) notwithstanding paragraph (iii) above, if CMEEC, in connection with any Variable Interest Rate Bonds or Commercial Paper, has entered into a Financial Contract that provides that CMEEC is to pay to the counterparty an amount determined based upon a fixed rate of interest on such Outstanding principal amount of such Variable Interest Rate Bonds or Commercial Paper, and that the counterparty is to pay to CMEEC an amount determined based upon a variable rate of interest on such Outstanding principal amount of such Variable Interest Rate Bonds or Commercial Paper, it shall be assumed that such Variable Interest Rate Bonds or Commercial Paper bear interest at such fixed rate of interest or, if CMEEC has entered into a Financial Contract that provides that CMEEC is to pay to the counterparty one variable rate payment and that the counterparty is to pay to CMEEC a different variable rate payment, for so long as and to the extent that such Financial Contract remains in full force and effect it shall be assumed that such Variable Interest Rate Bonds and Commercial Paper bear interest at the Estimated Interest Rate;

(vii) if CMEEC, in connection with any fixed rate Bonds, has entered into a Financial Contract that provides that CMEEC is to pay to the counterparty an amount determined based upon a variable rate of interest on the Outstanding principal amount of such Bonds, it shall be assumed that such Bonds bear interest at the Estimated Interest Rate; and

(viii) if the Bonds are Subsidized Bonds, the interest on such Bonds shall be reduced by the amount of any subsidy, provided, however, if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be increased to reflect the amount of interest payable on such Bonds that is no longer payable to CMEEC by the United States Treasury or any other entity or in the event that CMEEC, for whatever reason, ceases to receive such subsidy payments from the United States Treasury or any other entity in respect of the interest payable on such Bonds, then the amount of interest on such Bonds shall be increased to either reflect (i) the amount of the interest payable on such Bonds by CMEEC that is no longer payable to CMEEC by the United States Treasury or any other entity or (ii) the amount of interest payable on such Bonds shall be increased to reflect the full amount of the interest payable on such Bonds, as the case may be.

Debt Service Account shall mean the Debt Service Account established in Section 502.

Debt Service Fund shall mean the Debt Service Fund established in Section 502.

Debt Service Reserve Account shall mean the Debt Service Reserve Account established in Section 502.

Debt Service Reserve Requirement shall mean, as of any date of calculation, (i) with respect to the Primary Subaccount, an amount, equal to the maximum annual Aggregate Debt Service for the then current or any future Fiscal Year, and which are designated for a Series of the Bonds by the Resolution as being secured by the Primary Subaccount, and (ii) with respect to each additional subaccount, if any, created in the Debt Service Reserve Account, the amount specified in the Supplemental Resolution pursuant to which such subaccount shall be established.

For purposes of this definition, (A) the Principal Installments, interest and other costs with respect to Reimbursement Obligations, Credit Obligations and Financial Contracts shall not, unless otherwise required by the terms of the Supplemental Resolutions authorizing such Reimbursement Obligations, Credit Obligations or Financial Contracts, be included in the calculation of Debt Service Reserve Requirement; (B) the annual interest due in any Fiscal Year with respect to Variable Interest Rate Bonds shall be calculated at the Estimated Interest Rate; (C) with respect to Capital Appreciation Bonds and Deferred Income Bonds, fifty percent of the maximum amount of annual interest shall be the maximum semi-annual increase in Appreciated Value in any Fiscal Year for each maturity as compared to the previous Fiscal Year; and (D) in the event that the Bonds of any Series (or any portion thereof) shall constitute Subsidized Bonds, then until such time, if any, as CMEEC, for whatever reason, no longer receives cash subsidy payments from the United States Treasury or any other entity in respect of the interest payable on such Bonds, for purposes of this definition, the interest on the Bonds of such Series shall be calculated net of the amount of such subsidy; provided, however, that if at any time the specified percentage of the interest payable on such Bonds represented by such subsidy shall be increased to reflect the amount of interest payable on such Bonds that no longer is payable to CMEEC by the United States Treasury or any other entity, and such increase shall be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which such specified percentage is so reduced; and *provided, further*, that in the event that CMEEC, for whatever reason, ceases to receive cash subsidy payments from the United States Treasury or any other entity in respect of the interest payable on any such Bonds, then the amount of the Debt Service Reserve Requirement shall be increased to reflect the full amount of interest payable on such Bonds, and such increase shall be deemed to accrue in equal monthly amounts over the five-year period that commences on the first day of the first month following the date on which CMEEC does not receive the first such cash subsidy payment that it theretofore was qualified to receive.

Defaulted Interest shall have the meaning given to such term in Section 308.

Defeasance Securities shall mean and include, if and to the extent the same are permitted by law, unless otherwise provided with respect to the Bonds of a Series in the Supplemental Resolution authorizing such Bonds, the following:

(a) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (c) below to the extent unconditionally guaranteed by the United States of America, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof;

(b) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (i) which are not callable prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions, (ii) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (i) of this clause (b), as appropriate, (iv) which at the time of their purchase are rated in the second highest rating category without reference to gradations such as “plus” or “minus” by each rating agency rating such bonds or other obligations;

(c) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association (including Participation Certificates), Government National Mortgage Association, Federal Financing Bank, Federal Home Loan Mortgage Corporation and Federal Home Loan Banks, the Federal Housing Administration, the Federal Farm Credit Banks Funding Corporation, Federal Farm Credit Banks, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, or any other agency controlled by or supervised by and acting as an instrumentality of the United States government;

(d) obligations of any state of the United States of America or any political subdivision thereof or any agency or instrumentally of any state or political subdivision which are not callable for redemption prior to maturity, or which have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee in respect of such obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall also be specified in such instructions, and which shall be rated in the highest whole rating category by S&P, Moody’s or Fitch;

(e) certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in clauses (a) and (c) of this definition provided that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to

supervision or examination by federal, state, or territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000, or obligations described in the foregoing clause (c), in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof; and

(f) deposits in interest-bearing time deposits or certificates of deposit which shall not be subject to redemption or repayment prior to their maturity or due date other than at the option of the depositor or holder thereof or as to which an irrevocable notice of redemption or repayment of such deposits or certificates of deposit on a specified redemption or repayment date has been given and such time deposits or certificates of deposit are not otherwise subject to redemption or repayment prior to such specified date other than at the option of the depositor or holder thereof, and which are fully secured by obligations described in clause (a) of this definition to the extent not insured by the Federal Deposit Insurance Corporation.

Deferred Income Bonds shall mean any Bonds hereafter issued as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Resolution authorizing such Bonds and the Appreciated Value for such Bonds is compounded on the Valuation Date for such Series of Deferred Income Bonds.

Depository shall mean any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by CMEEC as a depository of moneys and securities held under the provisions of the Resolution, and may include the Trustee.

DTC shall have the meaning given to such term in Section 309.

Estimated Interest Rate shall mean, as of any date of calculation, as to any particular Variable Interest Rate Bonds, an assumed, fixed rate of interest equal to the greater of (a) that rate, on the date of sale of such Variable Interest Rate Bonds (or such other date deemed appropriate by CMEEC), which, in the reasonable estimate of a banking or financial institution selected by CMEEC, such Variable Interest Rate Bonds would have had to bear to be marketed at par on such date as fixed rate obligations with the same maturity schedule as such Variable Interest Rate Bonds, or (b) the then current Variable Interest Rate borne by such Variable Interest Rate Bonds.

Event of Default shall have the meaning given to such term in Section 801.

Fiduciary or Fiduciaries shall mean the Trustee, the Depositories, the Paying Agents, or any or all of them, as may be appropriate.

Financial Contract shall mean (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, (ii) any contract providing for payments

based on levels of, or changes or differences in, interest rates, currency exchange rates, stock or other indices, (iii) any contract to exchange cash flows or payments or a series of payments, (iv) any type of contract, including, without limitation, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, fuel supply, energy commodities or any other financial risk, and (v) any other type of contract or arrangement which CMEEC determines is to be used, or is intended, to manage or reduce the cost of debt, to convert any element of debt from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial or investment risk or uncertainty.

Fiscal Year shall mean the then current annual accounting period of CMEEC for its general accounting purposes which period, at the time of the adoption of this Transmission Services Revenue Bond Resolution, is the twelve (12) month period commencing on January 1 of each year and ending on the next succeeding December 31.

Fitch shall mean Fitch Inc. and its successors and assigns.

Fund or Funds shall mean, as the case may be, each or all of the Funds established in Section 502.

Generally Accepted Accounting Principles shall mean accounting principles, methods and terminology followed and construed for enterprises which are employed in business comparable to the business of CMEEC, as amended from time to time.

General Reserve Fund shall mean the General Reserve Fund established in Section 502.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Bonds, the date specified in the Supplemental Resolution authorizing such Bonds (which date must be prior to the maturity date for such Bonds) after which interest accruing on such Bonds shall be payable with the first such payment date being the applicable interest payment date immediately succeeding such Interest Commencement Date.

Investment Securities shall mean any securities which are legal investments for CMEEC under the laws of the State.

ISO-NE shall mean the Independent System Operator-New England, and its successors and assigns.

Maximum Interest Rate shall mean, with respect to any particular Variable Interest Rate Bond (other than Reimbursement Obligations), a numerical rate of interest, which shall be set forth in the Supplemental Resolution authorizing such Bond, that shall be the maximum rate of interest such Bond may at any time bear.

Moody's shall mean Moody's Investor Services, Inc., and its successors and assigns.

Net Revenues for any period shall mean the Revenues during such period minus Operating Expenses during such period.

Operating Expenses shall mean all actual costs incurred by CMEEC with respect to providing transmission services pursuant to the Transmission Services Contracts in any particular Fiscal Year or period or charges made therefor during such Fiscal Year or period, but only if such charges are made in conformity with Generally Accepted Accounting Principles, including amounts reasonably required to be set aside in reserves for items of Operating Expenses the payment of which is not then immediately required.

Such Operating Expenses include, but are not limited to, payments required to be made to TRANSCO pursuant to the TRANSCO Agreement, salaries and wages, employees' health, hospitalization, pension and retirement expenses, fees for services (including, but not limited to, payments made to ISO-NE or CL&P), materials and supplies, rents, administrative and general expenses, insurance expenses, legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services, taxes (except as set forth in the following paragraph), payments in lieu of taxes and other governmental charges, payments to the United States Treasury pursuant to Section 148(f) of the Code or similar requirement to pay rebate, credits from ISO-NE or other third party received by CMEEC, payments on Credit Obligations permitted under Section 207 and any other current expenses or obligations required to be paid by CMEEC under the provisions of the Resolution or by law, all to the extent properly allocable to the cost of providing transmission services pursuant to the Transmission Services Contracts, and the fees and expenses of the Fiduciaries.

Such Operating Expenses do not include depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of CMEEC, costs, or charges which under Generally Accepted Accounting Principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of CMEEC.

Operating Fund shall mean the Operating Fund established in Section 502.

Opinion of Counsel shall mean an opinion signed by an attorney or firm of attorneys of recognized standing in the field of law relating to municipal bonds (who may be counsel to CMEEC) selected by CMEEC.

Option Bonds shall mean Bonds which by their terms may be or are required to be tendered by the Owner thereof for payment or purchase by CMEEC or a third party prior to the stated maturity thereof.

Outstanding when used with reference to Bonds, shall mean, as of any date, Bonds theretofore or thereupon being authenticated and delivered under the Resolution except:

- (i) Bonds cancelled by the Trustee at or prior to such date;

(ii) Bonds (or portions of Bonds) for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date, shall be held in trust under the Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date), provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given or provision satisfactory to the Trustee shall have been made for the giving of such notice as provided in Article IV;

(iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Article III or Section 406 or Section 1106;

(iv) Bonds deemed to have been paid as provided in subsections 2 or 3 of Section 1201; and

(v) Option Bonds deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in the Resolution.

For the purposes of the definition of Outstanding and subject to Section 1107, Reimbursement Obligations shall only be deemed Outstanding in a principal amount equal to the amount then owed by CMEEC to the Credit Enhancer thereunder.

Owner shall mean any person in whose name any Bond shall be registered upon the books of CMEEC pursuant to Section 304.

Participant shall have the meaning given to such term in Section 309.

Paying Agent shall mean any bank or trust company organized under the laws of any state of the United States of America or any national banking association designated as paying agent for the Bonds of any Series, and its successor or successors hereafter appointed in the manner provided in the Resolution.

Pledged Property shall mean the Revenues and the Funds and Accounts created under the Resolution, and all rights to the payment of money of any kind, including Investment Securities held in any such Funds and Accounts, together with all proceeds and revenues of the foregoing.

Primary Subaccount shall mean the Primary Subaccount in the Debt Service Reserve Account created by subsection (1) of Section 508.

Principal Installment shall mean, as of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds of such Series due on a future date certain for which no Sinking Fund Installments have been established (including the principal amount of Option Bonds tendered for payment and not

purchased), or (ii) the unsatisfied balance (determined as provided in subsection 2 of Section 507) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

Redemption Price shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or the Resolution.

Refunded Bonds shall mean \$32,785,000 principal amount of Power Supply System Revenue Bonds, 2011 Series A of CMEEC.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance pursuant to Section 205.

Regular Record Date shall have the meaning given to such term in Section 308.

Reimbursement Obligations shall mean any Bonds issued pursuant to Section 206, whether issued in one or more Series.

Reserve Fund Instrument shall mean an insurance policy or surety bond provided by an insurer having, at the time of issuance of such insurance policy or surety bond, a claims paying ability rated “in the second highest rating category without reference to gradations such as “plus” or “minus”” by S&P, Moody’s and Fitch, respectively, or a letter of credit provided by an institution having, at the time of issuance of such letter of credit, the highest short term credit rating without regard to gradations such as “plus” or “minus” by S&P, Moody’s or Fitch, respectively.

Resolution shall mean this Transmission Services Revenue Bond Resolution, as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms hereof.

Revenue Account shall mean the Revenue Account established in Section 502.

Revenue Fund shall mean the Revenue Fund established in Section 502.

Revenues shall mean (i) all payments received by CMEEC pursuant to the Transmission Services Contracts, (ii) all revenues, income, rents and receipts received by CMEEC from or attributable to any contract with respect to transmission services that is similar to the services provided pursuant to the Transmission Services Contracts, and (iii) any interest earned on any moneys or investments (other than in the Construction Fund) held pursuant to the Resolution and required to be paid into the Revenue Fund, all as determined in accordance with Generally Accepted Accounting Principles and the provisions of the Resolution (excluding (i) contributions in aid of construction, (ii) any moneys obtained pursuant to a drawing on a letter of

credit, bond insurance or similar financial arrangement providing for the payment of the Bonds, and (iii) insurance or condemnation awards).

S&P shall mean Standard & Poor's, a division of The McGraw-Hill Companies, Inc., and its successors or assigns.

Secretary shall mean the Secretary or any Assistant Secretary of CMEEC.

Series shall mean all of the Bonds authenticated and delivered on original issuance and identified pursuant to this Transmission Services Revenue Bond Resolution and, with respect to a Series of Additional Bonds and Refunding Bonds, the Supplemental Resolution authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article III or Section 406 or Section 1106, regardless of variations in maturity, interest rate, Sinking Fund Installments, or other provisions. A Series of Bonds may be divided into subseries.

Sinking Fund Installment shall mean, with respect to a Series of Bonds, an amount so designated which is established pursuant to the Supplemental Resolution authorizing such Series of Bonds.

Special Record Date shall have the meaning given to such term in Section 308.

Stabilization Account shall mean the Stabilization Account created in Section 502.

State shall mean the State of Connecticut.

Subordinated Debt shall mean indebtedness issued pursuant to and complying with the provisions of Section 512 or a Credit Obligation or a Financial Contract payable from the Subordinated Indebtedness Fund.

Subordinated Indebtedness Fund shall mean the Subordinated Indebtedness Fund established in Section 502.

Subsidized Bonds shall mean any Bonds with respect to which CMEEC has irrevocably elected, pursuant to Section 54AA(g) of the Code or any other similar federal program creating subsidies for municipal borrowers, for which CMEEC qualifies, to receive cash subsidy payments from the United States Treasury or another entity equal to a portion of the interest payable on such Bonds.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by CMEEC in accordance with Article X hereof.

Tax Certificate shall have the meaning given to such term in Section 716.

TRANSCO shall mean the Connecticut Transmission Municipal Electric Energy Cooperative, a public body corporate and politic organized and existing under the Act.

TRANSCO Agreement shall mean the Transmission Financing and Service Agreement, dated as of May 1, 2011, between TRANSCO and CMEEC, as amended.

Transmission Services Contracts shall mean the General Transmission Services Agreements between CMEEC and the Transmission Services Purchasers referred to in subclause (i) of the definition of Transmission Services Purchasers.

Transmission Services Purchasers shall mean (i) the City of Groton, Connecticut, the City of Norwich, Connecticut, the Borough of Jewett City, Connecticut, the Second Taxing District of the City of Norwalk, Connecticut, the Third Taxing District of the City of Norwalk, Connecticut and Bozrah Light and Power Company, and (ii) any other entity to whom CMEEC provides transmission services purchased from TRANSCO.

Trustee shall mean the trustee appointed pursuant to Article IX, and its successor or successors and any other corporation or entity which may at any time be substituted in its place pursuant to the Resolution.

2012 Series A Bonds shall mean the Transmission Services Revenue Bonds, 2012 Series A authorized by Section 203 of the Resolution.

Valuation Date shall mean with respect to any Capital Appreciation Bonds and Deferred Income Bonds, the date or dates set forth in the Supplemental Resolution authorizing such Bonds on which specific Accreted Values or Appreciated Values are assigned to the Capital Appreciation Bonds and Deferred Income Bonds, as the case may be.

Variable Interest Rate Bonds for any period of time, shall mean Bonds, other than Reimbursement Obligations and Commercial Paper, which during such period bear a variable interest rate, provided that Bonds the interest rate on which shall have been fixed for the remainder of the term thereof shall no longer be Variable Interest Rate Bonds.

Except where the context otherwise requires, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, corporations, districts, agencies and bodies.

102. Authority for the Resolution. This Transmission Services Revenue Bond Resolution is adopted pursuant to the provisions of the Act.

103. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between CMEEC and the Owners from time to time of the Bonds; and the pledge and assignment made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of CMEEC shall be, except as otherwise provided herein for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof, except as expressly provided in or permitted by the Resolution. Nothing contained in this Section 103 shall be deemed to

preclude CMEEC, pursuant to a separate agreement independent of the Resolution, from granting additional security to any Credit Enhancer.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

201. Authorization of Bonds.

1. CMEEC is hereby authorized to issue from time to time, as hereinafter provided, Bonds of CMEEC to be designated as "Transmission Services Revenue Bonds." The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as may hereafter be provided in the Resolution or as may be limited by law.

2. The Bonds may be issued in one or more Series, and the designation thereof, in addition to the name "Transmission Services Revenue Bonds," shall include such further appropriate particular designation added to or incorporated in such title for the Bonds of any particular Series as CMEEC may determine. Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

3. Nothing in the Resolution shall be deemed to preclude or prevent the consolidation into a single Series for purposes of issuance and sale of Bonds otherwise permitted by the Resolution to be issued at the same time in two or more separate Series, provided that solely for the purpose of satisfying the requirements of Section 202, Section 203, Section 204, Section 205 or Section 206, as the case may be, the Bonds otherwise permitted by the Resolution to be issued as a separate Series shall be considered separately as if such Bonds were to be issued as a separate Series. In the event that separate Series are combined for purposes of issuance and sale, they may be issued under a single Supplemental Resolution notwithstanding any other provision of the Resolution.

202. General Provisions for Issuance of Bonds. 1. All (but not less than all) the Bonds of each Series shall be executed by CMEEC for issuance under the Resolution and delivered to the Trustee and thereupon shall be authenticated by the Trustee and by it delivered to CMEEC or upon its order, but only upon the receipt by the Trustee of:

(1) With respect to the initial Series of Bonds issued under the Resolution a copy of this Resolution, certified by an Authorized Officer of CMEEC;

(2) An Opinion of Counsel to the effect that (i) CMEEC has the right and power to adopt the Resolution, and the Resolution has been duly and lawfully adopted by CMEEC, is in full force and effect and is valid and binding upon CMEEC in accordance with its terms, and no other authorization for the Resolution is required; (ii) the Resolution creates the valid pledge which it purports to create of the Pledged Property, subject to the provisions of the Resolution permitting the application of the Revenues for the purposes and on the terms and conditions set forth in the Resolution; and (iii) the Bonds of such Series

are valid and binding special obligations of CMEEC and entitled to the benefits of the Resolution and of the Act as amended to the date of such Opinion, and such Bonds have been duly and validly authorized and issued in accordance with law and in accordance with the Resolution; and provided further, that such Opinion may take exception as to the effect of, or for restrictions or limitations imposed by or resulting from, bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws, judicial decisions and principles of equity relating to the enforcement of creditors' rights generally or contractual obligations and judicial discretion and the valid exercise of the sovereign police powers of the State and of the constitutional power of the United States of America;

(3) A written order as to the delivery of such Bonds, signed by an Authorized Officer of CMEEC;

(4) In the case of each Series of Bonds, a copy of the Supplemental Resolution authorizing such Series of Bonds certified by an Authorized Officer of CMEEC;

(5) The amount, if any, necessary for deposit in a subaccount in the Debt Service Reserve Account so that the amount in such subaccount in the Debt Service Reserve Account after giving effect to the deposit in such subaccount of a Debt Reserve Instrument as contemplated by subsection 5 of Section 508 of this Resolution, shall equal the Debt Service Reserve Requirement calculated immediately after the authentication and delivery of such Series of Bonds;

(6) In the case of each Series of Bonds, other than the 2012 Series A Bonds, any Series of Reimbursement Obligations, any Series of Refunding Bonds, any Financial Contract and any Series of Bonds issued to finance Costs incurred in order to comply with any governmental regulation, order or requirement or capital contribution imposed pursuant to the TRANSCO Agreement, a certificate of an Authorized Officer of CMEEC setting forth (A) for any period of 12 consecutive calendar months within the 24 calendar months preceding the date of the authentication and delivery, the Net Revenues for such period, and (B) the amount of the Aggregate Debt Service during the period for which Net Revenues are set forth pursuant to (A) with respect to all Series of Bonds which were then Outstanding, and showing that the amount set forth in (A) is equal to or greater than the sum of 100% of the Aggregate Debt Service set forth in (B); provided, however, in calculating Aggregate Debt Service for the purposes of (B), Debt Service, if any, and other costs relating to Reimbursement Obligations shall be excluded, except for interest on Reimbursement Obligations prior to conversion to a term loan and except if such Reimbursement Obligations shall have been converted to a term loan then the principal and interest required to have been paid during such period shall be included as Aggregate Debt Service.

(7) Such further documents, moneys, securities and evidences of deposit of funds with the Trustee as are required by the provisions of Sections

203, 204, 205 or 206 or Article X or any Supplemental Resolution adopted pursuant to Article X.

2. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to Article III or Section 406 or Section 1106.

203. Initial Bonds. The 2012 Series A Bonds shall be issued for the purpose of refunding the Refunded Bonds and shall be authorized by a Supplemental Resolution.

204. Additional Bonds. One or more Series of Additional Bonds may be authenticated and delivered upon original issuance at any time or from time to time for any lawful purpose of CMEEC under the Act. The proceeds, including accrued interest, of the Additional Bonds of each Series shall be applied simultaneously with the delivery of such Bonds as provided in the Supplemental Resolution authorizing such Series.

205. Refunding Bonds. 1. One or more Series of Refunding Bonds may be issued at any time to refund Outstanding Bonds of one or more Series or one or more maturities within a Series or any Bonds within one or more maturities within one or more Series. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds.

2. Refunding Bonds of each Series shall be authenticated and delivered by the Trustee only upon receipt by the Trustee of the documents required by Section 202.

3. Such further documents and moneys as are required by the provisions of Article X or any Supplemental Resolution adopted pursuant to Article X.

206. Reimbursement Obligations. 1. Notwithstanding anything herein to the contrary, one or more Series of Reimbursement Obligations may be issued concurrently with the issuance of the Bonds of a Series authorized pursuant to the provisions of Section 203, 204 or 205 hereof for which Credit Enhancement or liquidity support is being provided with respect to such Bonds (or a maturity or maturities thereof) by a third party. Such Reimbursement Obligations shall be issued for the purpose of evidencing CMEEC's payment obligations in connection with such Credit Enhancement, including any draws under any letter of credit, and other costs and expenses related thereto and other payments required to be made in connection with the agreement with CMEEC providing for such Credit Enhancement and any other agreements executed in connection therewith.

2. Notwithstanding anything contained in the Resolution to the contrary, the provisions of Section 202, Section 203, Section 204, Section 205, Article III and Article IV of the Resolution shall not be applicable to Reimbursement Obligations and the provisions of, or incorporated by reference in, the Supplemental Resolution authorizing such Reimbursement Obligations shall govern such Reimbursement Obligations.

207. Credit Obligations. Amounts to be paid by CMEEC pursuant to the TRANSCO Agreement and the CL&P Guaranty shall constitute Operating Expenses and with respect to any other Credit Obligation shall constitute Operating Expenses only if prior to the execution of such Credit Obligation, the Board shall adopt a resolution finding that the making of such payments as Operating Expenses will not impair CMEEC's ability to comply with the covenant set forth in Section 711 hereof. If the amounts to be paid by CMEEC for such Credit Obligations do not constitute Operating Expenses, then such amounts shall be paid out of the Subordinated Indebtedness Fund or the General Reserve Fund and the finding required by the previous sentence shall not be required.

208. Financial Contracts. 1. CMEEC may enter into any Financial Contract, which may contain such terms and provisions, which CMEEC determines to be necessary, desirable or convenient. Any payments which CMEEC shall receive pursuant to a Financial Contract shall be deposited into such Fund or Account created by or under the Resolution as CMEEC shall determine pursuant to a Supplemental Resolution adopted prior to entering into such Financial Contract. Any payments required to be made by CMEEC pursuant to a Financial Contract shall be payable from, and may be secured by, any Fund or Account created by or under the Resolution, and such payment or security may be on a parity with, or subordinate to, other required payments and security from such Fund or Account, all as CMEEC shall determine pursuant to a Supplemental Resolution prior to entering into such Financial Contract. CMEEC may agree with any party to limit or restrict its ability to enter into Financial Contracts in the future.

2. Notwithstanding anything contained in the Resolution, the provisions of Section 202, Section 203, Section 204 and Section 205 shall not be deemed applicable to the authorization, execution and delivery of any Financial Contracts.

3. For the purposes of Article VIII, the amounts payable by CMEEC pursuant to a Financial Contract may be deemed to be amounts payable as principal or interest on the Bonds all in the manner and as provided in the Supplemental Resolution authorizing such Financial Contract.

ARTICLE III

GENERAL TERMS AND PROVISIONS OF BONDS

301. Medium of Payment; Form and Date; Letters and Numbers. 1. Except as otherwise provided in a Supplemental Resolution authorizing such Bonds, the Bonds shall be payable, with respect to principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest on the Bonds, unless otherwise provided, shall be payable by check or draft drawn on the Trustee.

2. The Bonds of each Series may be issued only in the form of fully registered Bonds without coupons unless otherwise authorized by a Supplemental Resolution. The Bonds of each Series shall be in substantially the form set forth in the Supplemental Resolution authorizing such Series.

3. Each Bond shall be lettered and numbered as provided in the Supplemental Resolution authorizing the Series of which such Bond is a part and so as to be distinguished from every other Bond.

4. Except as may be otherwise provided for any Series of Bonds in the Resolution authorizing such Series of Bonds, the Bonds of each Series shall be dated as of the date of its authentication by the Trustee and shall bear interest from the interest payment date preceding the date of authentication to which interest has been paid or provided for, unless such date of authentication shall be an interest payment date, in which case they shall bear interest from such date of authentication; provided, however, that if, as shown by the records of the Trustee, interest on the Bonds of any Series shall be in default, Bonds of such Series issued in lieu of Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the Bonds surrendered; provided, further, that if the date of authentication shall be prior to the first interest payment date for the Bonds of such Series, Bonds shall bear interest from such date as provided in the Supplemental Resolution authorizing the Bonds of such Series.

302. Legends. The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of the Resolution as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board, or otherwise, as may be determined by CMEEC prior to the authentication and delivery thereof.

303. Execution and Authentication. 1. The Bonds shall be executed in the name of CMEEC by the manual or facsimile signature of its Chairman, Vice Chairman or other Authorized Officer of CMEEC and its seal (or a facsimile thereof), if any, shall be impressed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of its Secretary or an Assistant Secretary, or in such other manner as may be required or permitted by law. In case any one or more of the officers who shall have signed, whether by manual or facsimile signature, or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been authenticated and delivered by the Trustee, such Bonds may, nevertheless, be authenticated and delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any Bond of a Series may be signed and sealed on behalf of CMEEC by such persons as at the time of the execution of such Bond shall be duly authorized or hold the proper office in CMEEC, although at the date borne by the Bond of such Series such persons may not have been so authorized or have held such office.

2. The Bonds of each Series shall bear thereon a certificate of authentication, in the form set forth in Section 1301, executed manually by the Trustee. Only such Bonds as shall bear thereon such certificate of authentication shall be entitled to any right or benefit under the Resolution, and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of CMEEC shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered under the Resolution and that the Owner thereof is entitled to the benefits of the Resolution.

304. Exchange, Transfer and Registry. 1. The Bonds shall be transferable only upon the books of CMEEC, which shall be kept for such purposes at the principal corporate trust office of the Bond Registrar, by the Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by such Owner or his duly authorized attorney, together with a signature guaranty. Upon the transfer of any Bond CMEEC shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount and Series and maturity as the surrendered Bond. For purposes of the Resolution, Option Bonds which are required to be tendered pursuant to the provisions of the Resolution shall be deemed surrendered for transfer even though such Bonds have not been actually delivered.

2. The Owner of any Bond or Bonds of one or more denominations shall have the right to exchange such Bond or Bonds for a new Bond or Bonds of any denomination of the same aggregate principal amount and Series and maturity of the surrendered Bond or Bonds. Such Bond or Bonds shall be exchanged by CMEEC for a new Bond or Bonds upon the request of the Owner thereof in person or by his attorney duly authorized in writing, upon surrender of such Bond or Bonds together with a written instrument requesting such exchange satisfactory to the Bond Registrar duly executed by such Owner or his duly authorized attorney.

3. CMEEC and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of CMEEC as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for the payment of the purchase price of any Option Bond tendered to CMEEC and for all other purposes, and all such payments so made to any such person or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither CMEEC nor any Fiduciary shall be affected by any notice to the contrary. CMEEC agrees to indemnify and save each Fiduciary harmless from and against any and all loss, cost, charge, expense, judgment or liability incurred by it, acting in good faith and without negligence under the Resolution, in so treating such registered owner.

305. Regulations with Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring Bonds is exercised, CMEEC shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of the Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Trustee and cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, CMEEC or the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither CMEEC nor the Bond Registrar shall be required (a) to exchange or transfer Bonds of any Series for a period beginning on the Record Date next preceding an interest payment date for Bonds of a particular Series and ending on such interest payment date, or for a period of fifteen days next preceding the date (as determined by the Trustee) of any selection of Bonds to be redeemed and thereafter until after the mailing of the notice of redemption, or (b) to transfer or exchange any Bonds called for redemption.

306. Bonds Mutilated, Destroyed, Stolen or Lost. If any Bond becomes mutilated or is lost, stolen or destroyed, CMEEC may execute and the Trustee shall authenticate

and deliver a new Bond of like date of issue, maturity date, principal amount and interest rate per annum as the Bond so mutilated, lost, stolen or destroyed, provided that (i) in the case of such mutilated Bond, such Bond is first surrendered to CMEEC, (ii) in the case of any such lost, stolen or destroyed Bond, there is first furnished evidence of such loss, theft or destruction satisfactory to CMEEC together with indemnity satisfactory to CMEEC and the Trustee, (iii) all other reasonable requirements of CMEEC are complied with, and (iv) expenses of CMEEC and the Trustee in connection with such transaction are paid by the Owner. Any Bond surrendered for transfer shall be cancelled. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of CMEEC, whether or not the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under the Resolution, in any moneys or securities held by CMEEC or any Fiduciary for the benefit of the Owners of the Bonds.

307. Temporary Bonds. 1. Until the definitive Bonds of any Series are prepared, CMEEC may execute, in the same manner as is provided in Section 303, and upon the request of CMEEC, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. CMEEC at its own expense shall prepare and execute and, upon the surrender of such temporary Bonds for exchange and the cancellation of such surrendered temporary Bonds, the Trustee shall authenticate and, without charge to the Owner thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and Series and maturity as the temporary Bonds surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to the Resolution.

2. All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

308. Payment of Interest on Bonds; Interest Rights Preserved. Interest on any Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Bond is registered at the close of business on the date (hereinafter the *Regular Record Date*) which is the 15th day of the calendar month next preceding such interest payment date or such other date as shall be provided in a Supplemental Resolution authorizing a Series of Bonds.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date (hereinafter *Defaulted Interest*) shall forthwith cease to be payable to the Owner on the relevant Regular Record Date by virtue of having been such owner; and such Defaulted Interest shall be paid by CMEEC to the persons in whose names the Bonds are registered at the close of business on a date (hereinafter the *Special Record Date*) for the payment of such Defaulted Interest, which shall be fixed in the following manner. CMEEC shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on

each Bond and the date of the proposed payment, and at the same time CMEEC shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid with respect to such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify CMEEC of such Special Record Date and, in the name and at the expense of CMEEC, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Bondholder at his address as it appears in the Bond Register, not less than 10 days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond.

309. Book Entry Bonds.

2. Except as provided in subparagraph 3 of this Section 309 or as provided in a Supplemental Resolution, the Owner of all of the Bonds shall be and the Bonds shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company (hereinafter *DTC*). Payment of interest for any Bond shall be made by transfer of Federal funds or equivalent same day funds to the account of Cede & Co. on each interest payment date for the Bonds at the address indicated for Cede & Co. in the registry books of CMEEC kept by the Trustee.

3. The Bonds shall be initially issued in the form of a separate single fully registered bond in the amount of each separate stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of CMEEC kept by the Trustee in the name of Cede & Co., as nominee of DTC. With respect to Bonds registered in the registry books kept by the Trustee in the name of Cede & Co., as nominee of DTC, CMEEC and the Trustee shall have no responsibility or obligation to any participant of DTC (hereinafter Participant) or to any person for whom a Participant acquires an interest in Bonds (hereinafter Beneficial Owner). Without limiting the immediately preceding sentence, CMEEC and the Trustee shall have no responsibility or obligation with respect to (1) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (2) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Bonds, including any notice of redemption, or (3) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of or premium, if any, or interest on the Bonds. CMEEC and the Trustee may treat as and deem DTC to be the absolute owner of each Bond for the purpose of payment of the principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and

discharge CMEEC's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive a Bond evidencing the obligation of CMEEC to make payments of principal of and premium, if any, and interest pursuant to the Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the words "Cede & Co." in the Resolution shall refer to such new nominee of DTC.

4. (a) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to CMEEC and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), Bond certificates will be delivered as described in the Resolution, to the extent DTC Participants' withdrawal requests have been processed by DTC.

(b) CMEEC may determine that: (i) DTC is unable to discharge its responsibilities with respect to the Bonds; or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds. In the event that no substitute securities depository is found by CMEEC, or restricted registration is no longer in effect, Bond certificates will be delivered as described in the Resolution, to the extent DTC Participants' withdrawal requests have been processed by DTC.

(c) Upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subsection 309(3)(a) or subsection 309(3)(b) hereof after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of CMEEC, is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names the Owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of the Resolution, to the extent DTC Participants' withdrawal requests have been processed by DTC.

5. Notwithstanding any other provision of the Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Letter of Representations heretofore executed by CMEEC to DTC.

6. Notwithstanding any other provision of the Resolution to the contrary, so long as any Option Bonds are held in book-entry form, such Option Bonds need not be delivered in connection with any tender pursuant to the Resolution, and all references in the Resolution to physical delivery of such Option Bonds shall be ineffective. In such case, payment of the Purchase Price in connection with such tender shall be made to the Owner of such Option Bonds on the date designated for such payment, without further action by the Beneficial Owner, and transfer of beneficial ownership shall be made in accordance with the procedures of DTC.

7. In connection with any notice or other communication to be provided to the Owners of the Bonds pursuant to the Resolution by CMEEC or the Trustee with respect to any consent or other action to be taken by the Owners of the Bonds, CMEEC or the Trustee, as the case may be, shall use the Regular Record Date for such consent or other action and give DTC notice of such Regular Record Date not less than fifteen (15) calendar days in advance of such Regular Record Date to the extent possible.

ARTICLE IV

REDEMPTION OF BONDS

401. Privilege of Redemption and Redemption Price. Bonds subject to redemption prior to maturity pursuant to a Supplemental Resolution shall be redeemable, upon notice as provided in this Article IV, at such times, at such Redemption Prices and upon such terms in addition to the terms contained in this Article IV as may be specified in the Supplemental Resolution authorizing such Series.

402. Redemption at the Election or Direction of CMEEC. In the case of any redemption of Bonds at the election or direction of CMEEC, CMEEC shall give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the Series, and of the principal amounts of the Bonds of each maturity of such Series to be redeemed (which Series, maturities and principal amounts thereof to be redeemed shall be determined by CMEEC in its sole discretion, subject to any limitations with respect thereto contained in the Resolution). Such notice shall be given at least 25 days prior to the redemption date or such shorter period as shall be acceptable to the Trustee. In the event notice of redemption shall have been given as in Section 405 provided, there shall be paid on or prior to the redemption date to the appropriate Paying Agents an amount in cash or other immediately available funds which, in addition to other moneys, if any, available therefor held by such Paying Agents, will be sufficient to redeem on the redemption date at the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, all of the Bonds to be redeemed. CMEEC shall promptly notify the Trustee in writing of all such payments by it to such Paying Agents.

403. Redemption Otherwise Than at CMEEC's Election or Direction. Except as otherwise provided in a Supplemental Resolution, whenever by the terms of the Resolution the Trustee is required or authorized to redeem Bonds otherwise than at the election or direction of CMEEC, the Trustee shall (i) select the Bonds or portions of Bonds to be redeemed, (ii) give the notice of redemption and (iii) pay out of moneys available therefor the Redemption Price thereof, plus interest accrued and unpaid to the redemption date, to the appropriate Paying Agents in accordance with the terms of this Article IV and, to the extent applicable, Section 507.

404. Selection of Bonds to be Redeemed. Except as otherwise provided in a Supplemental Resolution or except as may be provided by the procedures of DTC, if less than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected at random in such manner as the Trustee in its discretion may deem fair and appropriate; provided, however, that the portion of any Bond (other than a Capital Appreciation Bond or a Deferred Income Bond) of a denomination of more than \$5,000 to be redeemed shall be in the principal amount of \$5,000 or a

multiple thereof, and that, in selecting portions of such Bonds for redemption, the Trustee shall treat each such Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing by \$5,000 the principal amount of such Bond to be redeemed in part. For purposes of this Section 404, if less than all of the Capital Appreciation Bonds or the Deferred Income Bonds shall be called for prior redemption, the portion of any such Bond of a denomination of more than \$5,000 amount due at maturity or the Interest Commencement Date, as the case may be, to be redeemed shall be in the amount due at maturity or the Interest Commencement Date, as the case may be, of \$5,000 or a multiple thereof, and that, in selecting portions of such Bond for redemption, CMEEC shall treat such Capital Appreciation Bond or Deferred Income Bond as representing that number of the Capital Appreciation Bonds or Deferred Income Bonds as the case may be, of \$5,000 amount due at maturity or on the Interest Commencement Date, respectively, which is obtained by dividing the amount due at maturity of such Capital Appreciation Bond or the amount due on the Interest Commencement Date of such Deferred Income Bond to be redeemed in part by \$5,000.

405. Notice of Redemption. When the Trustee shall receive notice from CMEEC of its election or direction to redeem Bonds pursuant to Section 402, and when redemption of Bonds is authorized or required pursuant to Section 403, the Trustee shall give notice, in the name of CMEEC, of the redemption of such Bonds, which notice shall specify the Series and maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like Series and maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable. Unless otherwise provided in a Supplemental Resolution relating to Reimbursement Obligations, such notice shall be mailed by the Trustee, postage prepaid, not less than 15 days prior to the redemption date, to the Owner of any Bonds or portions of Bonds which are to be redeemed, at their last addresses appearing upon the registry books. Failure to give notice by mail, or any defect in the notice to the Owner of any Bonds which are to be redeemed shall not affect the validity of the proceedings for the redemption of any other Bonds.

Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Owner of any Bonds which are to be redeemed receives the notice.

Any notice of redemption may provide that such redemption is conditioned upon the receipt of funds or other conditions to effectuate such redemption.

406. Payment of Redeemed Bonds. Notice having been given in the manner provided in Section 405, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office

specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price, plus interest accrued and unpaid to the redemption date. If there shall be called for redemption less than all of a Bond, CMEEC shall execute and the Trustee shall authenticate and the Paying Agent shall deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the Bonds so surrendered, Bonds of like Series and maturity in any of the authorized denominations. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like Series and maturity to be redeemed, together with interest to the redemption date, shall be held by the Paying Agents so as to be available therefor on said date and if notice of redemption shall have been given as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such Series and maturity so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

407. Book Entry Bonds. If any Bonds are book entry bonds, the provisions of this Article IV shall be governed by the agreement between CMEEC and DTC or other entity in control of such book entry system and, with respect to a Series of Bonds, the Supplemental Resolution authorizing such Series of Bonds.

ARTICLE V

ESTABLISHMENT OF FUNDS AND APPLICATION THEREOF

501. The Pledge Effected by the Resolution. 1. The Bonds are direct and special obligations of CMEEC payable solely from and secured as to payment of the principal and Redemption Price thereof and interest thereon in accordance with their terms and the provisions of the Resolution solely by the Pledged Property and there is hereby pledged and assigned as security for the payment of the principal and Redemption Price of, and interest on, the Bonds in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, all of the Pledged Property.

2. All Pledged Property shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all persons having claims of any kind in tort, contract or otherwise against CMEEC, irrespective of whether such persons have notice thereof.

3. Neither the State nor any political subdivision thereof nor any member participating in the creation of CMEEC is obligated to pay the principal of, or interest or Redemption Price, if any, on the Bonds and neither the faith or credit nor taxing power of the State or any such political subdivision thereof nor any such member is pledged to the payment of, the principal of or interest or Redemption Price on, the Bonds. The Bonds do not constitute a pledge of the credit nor create a debt or liability of, the State of Connecticut or any political subdivision thereof or of any member participating in the creation of CMEEC, and the Bonds do not create or constitute an indebtedness, liability or obligation of said State or of any such

political subdivision or such member or be or constitute a pledge of the faith and credit of the State or any such political subdivision or any member participating in the creation of CMEEC.

4. Nothing contained in the Resolution shall be construed to prevent CMEEC from acquiring, constructing or financing through the issuance of its bonds, notes or other evidences of indebtedness which indebtedness is not payable from the Revenues or from securing such bonds, notes or other evidences of indebtedness by a mortgage of the facilities so financed or by a pledge of, the revenues therefrom or any lease or other agreement with respect thereto or any revenues derived from such lease or other agreement; provided that such bonds, notes or other evidences of indebtedness shall not be payable out of or secured by the Revenues or any Fund held under the Resolution and neither the cost of such facilities nor any expenditure in connection therewith or with the financing thereof shall be payable from the Revenues or from any such Fund.

5. CMEEC expressly reserves the right to adopt one or more resolutions separate and apart from the Resolution and reserves the right to issue bonds or other obligations of CMEEC under such resolutions for any of its authorized purposes, provided that such bonds or other obligations shall not, in whole or in part, be secured by a lien on or pledge, or be otherwise payable from, any Revenues or any Funds established by the Resolution.

6. Nothing contained in this Section 501 shall be construed as limiting any authority granted to CMEEC elsewhere in the Resolution to issue Subordinated Debt or execute Credit Obligations or Financial Contracts.

502. Establishment of Funds and Accounts. The following Funds and Accounts are hereby established.

- (1) Construction Fund, to be held by CMEEC;
- (2) Revenue Fund, to be held by CMEEC, which shall consist of a Revenue Account and a Stabilization Account;
- (3) Operating Fund, to be held by CMEEC;
- (4) Debt Service Fund, to be held by the Trustee, which shall consist of a Debt Service Account and a Debt Service Reserve Account;
- (5) Subordinated Indebtedness Fund, to be held by CMEEC; and
- (6) General Reserve Fund, to be held by CMEEC.

503. Construction Fund. 1. There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Resolution, and there may be paid into the Construction Fund, at the option of CMEEC, any moneys received by CMEEC from any source, unless required to be otherwise applied as provided by the Resolution. Amounts in the Construction Fund shall be applied to pay Costs in the manner provided in this Section 503 and the Supplemental Resolution authorizing a Series of Bonds.

2. There shall be established within the Construction Fund a separate account for any project, the Cost of which is to be paid out of the Construction Fund. .

3. Notwithstanding any of the provisions of this Section, to the extent that other moneys are not available therefor, amounts in the Construction Fund shall be applied to the payment of Debt Service on Bonds when due.

4. Amount on deposit in a separate Account in the Construction Fund and no longer required for the purposes of said Account may be transferred by CMEEC to any Fund or Account under the Resolution.

504. Revenue Fund. All Revenues shall be promptly deposited by CMEEC upon receipt thereof into the Revenue Account in the Revenue Fund. CMEEC may transfer to, or transfer from, the Stabilization Account such amounts as it shall determine. Amounts in the Stabilization Account may be withdrawn, at any time and from time to time by CMEEC and transferred to the Operating Fund to be used for the payment of Operating Expenses.

505. Payments Into Certain Funds. In each month after the deposit of Revenues into the Revenue Account (but in any case no later than the last Business Day of such month), CMEEC shall credit to, or shall transfer from the Revenue Account for deposit in, the following Funds and Accounts in the following priority the amounts set forth below to the extent available (such application to be made in such a manner so as to assure immediately available funds in such Funds on the last Business Day of such month):

(1) To the Operating Fund, the amount, if any, required so that the uncommitted sum on deposit in said Account shall equal the amount appropriated for Operating Expenses for the next succeeding month, provided that CMEEC may also from time to time transfer additional amounts from the Revenue Fund to the Operating Fund to be set aside as a general reserve for Operating Expenses, so long as the total amount of such general reserve accumulated from Revenues held at any time shall not exceed 20% of the amount appropriated by the Annual Budget for Operating Expenses for the then current Fiscal Year;

(2) To the Debt Service Fund, first (i) for credit to the Debt Service Account, the amount, if any, required so that the balance in said Account shall equal the Accrued Aggregate Debt Service as of the last day of the then current month or, if interest and/or principal are required to be paid to Owners of Bonds or a Credit Enhancer or pursuant to a Financial Contract during the next succeeding month on a day other than the first day of such month, Accrued Aggregate Debt Service as of the day through and including which such interest and/or principal is required to be paid; provided that, for the purposes of computing the amount to be deposited in said Account, there shall be excluded from the balance of said Account the amount, if any, set aside in said Account from the proceeds of Bonds (including amounts, if any, transferred thereto from the Construction Fund) for the payment of interest on Bonds or, if interest is required to be paid to Owners of Bonds during the next succeeding month on the day other than the first day of such month less that amount of such proceeds to be

applied in accordance with the Resolution to the payment of interest accrued and unpaid and to accrue on Bonds to the day through and including which such interest is required to be paid, and second (ii) for credit to the Debt Service Reserve Account (including any subaccount created therein), the amount, if any, required for such Account, after giving effect to any Reserve Fund Instrument deposited in such Account pursuant to subsection 5 of Section 508, to equal the Debt Service Reserve Requirement for each subaccount therein as of the last day of the then current month;

(3) To the Subordinated Indebtedness Fund, the amount, if any, required to pay principal or sinking fund installments of and interest on each issue of Subordinated Debt and reserves therefor, the amounts, if any, to pay tendered Subordinated Debt, in accordance with the resolution or other debt instrument authorizing such issue of Subordinated Debt and amounts required in respect of Credit Obligations and Financial Contracts to the extent payable from such Fund;

(4) To the General Reserve Fund, the remaining balance, if any, of moneys in the Revenue Fund after making the above credits and deposits.

provided, however, that so long as there shall be held in the Debt Service Account and the Debt Service Reserve Account an amount sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), no transfers shall be required to be made to the Debt Service Fund; and provided further, that any deficiency in the Debt Service Reserve Account, after giving effect to any Reserve Fund Instrument deposited in such Account pursuant to subsection 5 of Section 508 of the Resolution, other than a deficiency attributable to a withdrawal of amounts therefrom pursuant to subsection 2 of Section 508 hereof or a change in the ratings of the Reserve Fund Instruments as contemplated by subsection 5 of Section 508, shall be cured by depositing into the Debt Service Reserve Account each month during the period commencing with the month following the month in which the determination of the deficiency was made an amount equal to one-twelfth (1/12th) of the deficiency, except that, if a new valuation of Investment Securities held in the Debt Service Reserve Account is made pursuant to Section 604 hereof during the period that such deposits are required, then the obligation of CMEEC to make deposits during the balance of such period on the basis of the preceding valuation shall be discharged and the deposits, if any, required to be made for the balance of such period shall be determined under this proviso on the basis of the new valuation.

506. Operating Fund. Amounts credited to the Operating Fund shall be applied from time to time by CMEEC to the payment of Operating Expenses.

507. Debt Service Fund - Debt Service Account. 1. The Trustee shall pay out of the Debt Service Account to the respective Paying Agents or to the Credit Enhancers with respect to the payment of Reimbursement Obligations or the party to a Financial Contract or a Credit Obligation to the extent such Financial Contract or Credit Obligation is payable from the Debt Service Account (i) on or before each interest payment date for any of the Bonds, the amount required for the interest payable on such date; (ii) on or before each Principal Installment due date, the amount required for the Principal Installment payable on such due date; (iii) on or

before any redemption date for the Bonds, the amount required for the payment of interest and premium, if any, on the Bonds then to be redeemed; and (iv) on or before any payment date with respect to a Financial Contract or a Credit Obligation payable from the Debt Service Account, the amount for the payment under such Financial Contract. In the case of Variable Interest Rate Bonds and Commercial Paper, CMEEC shall furnish the Trustee with a certificate setting forth the amount to be paid on such Bonds on each interest payment date, such certificate shall be furnished on or prior to the appropriate Record Date with respect to any interest payment date. Such amounts shall be applied by the Paying Agents on and after the due dates thereof. In the case of Reimbursement Obligations, Financial Contracts or Credit Obligations, CMEEC shall furnish the Trustee with a certificate setting forth the amount to be paid with respect to such Reimbursement Obligations, Financial Contracts or Credit Obligations on or prior to the appropriate payment dates related thereto. The Trustee shall also pay out of the Debt Service Account the accrued interest included in the purchase price of Bonds purchased for retirement, provided that at the time of payment of such accrued interest there shall exist no deficiency in the Debt Service Fund.

2. Amounts accumulated in the Debt Service Account with respect to any Sinking Fund Installment may and, if so directed by CMEEC, shall be applied by the Trustee, on or prior to the 40th day next preceding the due date of such Sinking Fund Installment, to (i) the purchase of Bonds of the Series and maturity for which such Sinking Fund Installment was established, or (ii) the redemption at the applicable sinking fund Redemption Price of such Bonds, if then redeemable by their terms. All purchases of any Bonds pursuant to this subsection 2 shall be made at prices not exceeding the applicable sinking fund Redemption Price of such Bonds plus accrued interest, and such purchases shall be made by the Trustee as directed in writing from time to time by CMEEC. The applicable sinking fund Redemption Price (or principal amount of maturing Bonds) of any Bonds so purchased or redeemed shall be deemed to constitute part of the Debt Service Account until such Sinking Fund Installment date, for the purpose of calculating the amount of such Account. As soon as practicable after the 40th day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption, by giving notice as provided in Section 405, on such due date Bonds of the Series and maturity for which such Sinking Fund Installment was established (except in the case of Bonds maturing on a Sinking Fund Installment date) in such amount as shall be necessary to complete the retirement of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall pay out of the Debt Service Account to the appropriate Paying Agents, on or before such redemption date (or maturity date), the amount required for the redemption of the Bonds so called for redemption (or for the payment of such Bonds then maturing), and such amount shall be applied by such Paying Agents to such redemption (or payment).

3. Upon any purchase or redemption of Bonds of any Series and maturity for which Sinking Fund Installments shall have been established, there shall be credited toward any one or more Sinking Fund Installment thereafter to become due such amount or amounts as shall be determined by CMEEC. The portion of any such Sinking Fund Installment remaining after the deduction of any such amounts credited toward the same (or the original amount of any such Sinking Fund Installment if no such amounts shall have been credited toward the same) shall constitute the unsatisfied balance of such Sinking Fund Installment for the purpose of calculation of Sinking Fund Installments due on a future date.

4. The amount, if any, deposited in the Debt Service Account from the proceeds of each Series of Bonds shall be set aside in such Account and applied to the payment of interest on Bonds as provided in the Resolution.

5. In the event of the refunding of any Bonds, the Trustee shall, if CMEEC so directs in writing, withdraw from the Debt Service Account all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless immediately thereafter Bonds being refunded shall be deemed to have been paid pursuant to subsection 2 of Section 1201. In the event of such refunding, CMEEC may also direct in writing the Trustee to withdraw from the Debt Service Account in the Debt Service Fund all, or any portion of, the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts in any Fund or Account under this Resolution; provided, however, that such withdrawal shall not be made unless immediately thereafter Bonds being refunded shall be deemed to have been paid pursuant to subsection 2 of Section 1201 and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in any Fund or Account held under this Resolution.

6. Upon the issuance of each Series of Bonds secured by a Credit Enhancer, CMEEC may establish a separate subaccount in the Debt Service Account for such Bonds and shall deposit into such separate subaccount the proceeds of such Credit Enhancement. Each such subaccount established in the Debt Service Account shall be solely for the benefit of the Series of Bonds for which such subaccount was established and not for the Owners of any other Series of Bonds. The moneys in such subaccount shall not be commingled with other moneys in the Debt Service Account.

508. Debt Service Fund - Debt Service Reserve Account. 1. There is hereby created in the Debt Service Reserve Account, the Primary Subaccount for the benefit and security of such Series of the Bonds as shall be provided in the Supplemental Resolution authorizing such other Series of the Bonds. There shall also authorized to be established in the Debt Service Reserve Account one or more other separate subaccounts, each of which subaccounts shall be for the benefit and security of one or more Series of the Bonds, in the manner and to the extent provided in the Supplemental Resolution establishing such subaccount.

2. If on any interest or Principal Installment due date with respect to any Series of Bonds secured by a separate subaccount in the Debt Service Reserve Account, payment for such interest or Principal Installment in full has not been made or provided for, the Trustee shall forthwith withdraw from the separate subaccount in the Debt Service Reserve Account applicable to such Series of the Bonds an amount not exceeding the amount required to provide for such payment in full and deposit such amount in the Debt Service Account for application to such payment. To the extent provided in the Supplemental Resolution authorizing a Financial Contract, the Trustee shall withdraw and apply to the payment of such Financial Contract such amounts from the Debt Service Reserve Account as shall be provided for in such Supplemental Resolution.

3. Whenever the amount in any subaccount in the Debt Service Reserve Account shall exceed the Debt Service Reserve Requirement related to such subaccount, after giving effect to any Reserve Fund Instrument deposited in such subaccount pursuant to this Section 508 of the Resolution, such excess shall be deposited in the Revenue Fund.

4. Whenever the amount in the Debt Service Reserve Account (exclusive of any Reserve Fund Instrument therein), together with the amount in the Debt Service Account is sufficient to pay in full all Outstanding Bonds in accordance with their terms (including principal or applicable sinking fund Redemption Price and interest thereon), the funds on deposit in the Debt Service Reserve Account shall be transferred to the Debt Service Account. Prior to said transfer, all investments held in the Debt Service Reserve Account shall be liquidated to the extent necessary in order to provide for the timely payment of principal and interest (or Redemption Price) on the Bonds.

5. In lieu of the required transfers or deposits to any subaccount in the Debt Service Reserve Account, CMEEC may cause to be deposited into the Debt Service Reserve Account a Reserve Fund Instrument for the benefit of the Owners of the Bonds of the Series secured by such subaccount in an amount equal to all or a portion of the applicable Debt Service Reserve Requirement. The Reserve Fund Instrument shall be payable (upon the giving of notice as required thereunder), on any due date on which moneys will be required to be withdrawn from the subaccount in the Debt Service Reserve Account and applied to the payment of a Principal Installment of or interest on any Bonds of the Series secured by such subaccount and such withdrawal cannot be met by amounts on deposit in the applicable subaccount in the Debt Service Reserve Account. If the rating or the claims paying ability of the issuer of the surety bond or insurance policy constituting a Reserve Fund Instrument falls below a S&P "AA-", Moody's "Aa3" or Fitch "AA-" or the letter of credit is no longer in the highest short-term rating category by Moody's, S&P or Fitch, CMEEC shall either (i) deposit into the such subaccount in the Debt Service Reserve Account an amount sufficient to cause the cash or Investment Securities on deposit in the subaccount in the Debt Service Reserve Account to equal the Debt Service Reserve Requirement applicable to such subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually, or (ii) replace such Reserve Fund Instrument with a Reserve Fund Instrument having qualified ratings within six months of such occurrence. In the event the rating or the claims-paying ability of the issuer of the surety bond or insurance policy constituting a Reserve Fund Instrument falls below "A-," CMEEC shall either (i) deposit into the subaccount in the Debt Service Reserve Account an amount sufficient to cause the cash or Investment Securities on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Requirement applicable to such subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such Reserve Fund Instrument with a Reserve Fund Instrument having qualified ratings within six months of such occurrence.

CMEEC may issue a Reimbursement Obligation payable solely from a subaccount in the Debt Service Reserve Account to evidence its obligations with respect to any Reserve Fund Instrument. Upon the deposit in the Debt Service Reserve Account of a Reserve Fund Instrument as provided for in this subsection 3 of this Section 508, the following provisions shall be applicable to such subaccount in the Debt Service Reserve Account:

(i) In the case of a disbursement from the applicable subaccount in the Debt Service Reserve Account to cure a deficiency as provided in subsection 2 of this Section 508, the amounts, if any, on deposit in such subaccount in the Debt Service Reserve Account (other than any Reserve Fund Instrument) shall be applied to satisfy such disbursement prior to the draw on any Reserve Fund Instrument on deposit in such subaccount in the Debt Service Reserve Account. In the event that more than one Reserve Fund Instrument shall be on deposit in the subaccount in the Debt Service Reserve Account, any draw on such Reserve Fund Instruments shall be pro rata based on the respective amounts of such Reserve Fund Instruments available for draw.

(ii) In the event of a Reserve Fund Instrument on deposit in a subaccount in the Debt Service Reserve Account is disbursed, the next amounts credited to such subaccount in Debt Service Reserve Account pursuant to Section 505 shall be applied first to reinstate the maximum limit of such Reserve Fund Instrument (or otherwise reimburse the provider thereunder with respect to such draw) and then to make the deposit, if any, into the Debt Service Reserve Account required so that the amount therein shall equal the Debt Service Reserve Requirement applicable to such subaccount. If there shall be draws with respect to more than one Reserve Fund Instrument, such reinstatement (or reimbursement) shall be pro rata among such Reserve Fund Instruments based on the respective amounts of such draws. The amount so applied to such reinstatement (or reimbursement) of any Reserve Fund Instrument shall consist of the amount of such draw thereon, together with interest payable thereon, and such amount shall be paid to the insurer thereunder.

(iii) If on the fourth Business Day prior to any date on which the principal or sinking fund Redemption Price of or interest on the Bonds shall become due, the Trustee shall determine that the amount of the Debt Service Fund will be less than the amount required to pay such amounts so due on the Bonds, the Trustee shall forthwith give notice thereof required for a draw on each Reserve Fund Instrument on deposit in the subaccount applicable to such Series of the Bonds in the Debt Service Reserve Account to the provider or providers thereunder and shall apply or cause to be applied the amounts received from such provider or providers pursuant to each Reserve Fund Instrument to payment of such amounts due on the applicable Series of the Bonds.

(iv) It shall be the responsibility of the Trustee to maintain adequate records, as to the amount available to be drawn at any given time under any Reserve Fund Instrument on deposit in the Debt Service Reserve Account.

(v) CMEEC shall comply with the terms and provisions of any agreement entered into by CMEEC with any provider of a Debt Reserve Instrument for deposit in the Debt Service Reserve Account.

6. In the event of the refunding of any Bonds secured by a separate subaccount in the Debt Service Reserve Account, the Trustee shall, if CMEEC so directs in writing, withdraw from the separate account in the Debt Service Reserve Account established for benefit of a Series of the Bonds all, or any portion of, the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts with itself as Trustee to be held

for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (a) immediately thereafter the Bonds being refunded shall be deemed to have been paid pursuant to subsection 2 of Section 1201, and (b) the amount remaining in the separate subaccount in the Debt Service Reserve Account, after giving effect to the issuance of the Refunding Bonds and the disposition of the proceeds thereof, shall not be less than the Debt Service Reserve Requirement applicable to such subaccount.

509. Subordinated Indebtedness Fund. 1. Subject to subsection 2 hereof, CMEEC shall apply amounts in the Subordinated Indebtedness Fund to the payment of the principal or sinking fund installment of and interest on each issue of Subordinated Debt and reserves therefor in accordance with the provisions of, and subject to the priorities and limitations and restrictions provided in, the resolution or other debt instrument authorizing each issue of such Subordinated Debt, or to pay Credit Obligations, or to make payments with respect to Financial Contracts payable as Subordinated Debt.

2. Notwithstanding any of the provisions of this Section, if at any time the amount on deposit in the Debt Service Reserve Account shall be less than the Debt Service Reserve Requirement and there shall not be any moneys available in the General Reserve Fund to make up such deficiency, CMEEC shall forthwith transfer from the Subordinated Indebtedness Fund for deposit in the Debt Service Reserve Account the amount necessary (or all moneys in said Subordinated Indebtedness Fund, if necessary), to make up such deficiency.

3. Subject to the provisions of, and to the priorities and limitations and restrictions provided in, the resolution, indenture or other instrument securing each issue of Subordinated Debt, amounts in the Subordinated Indebtedness Fund which CMEEC at any time determines to be in excess of the requirements of such Fund, may be transferred to the General Reserve Fund and applied in accordance with Section 510.

510. General Reserve Fund. 1. CMEEC shall apply moneys credited to the General Reserve Fund in the following amounts and in the following order of priority: (i) for transfer to the Debt Service Account and the Debt Service Reserve Account, in that order, the amount necessary (or all moneys in the General Reserve Fund, if necessary) to make up any deficiencies in payments to said Accounts required by paragraph (2) of Section 505, (ii) for transfer to the Debt Service Reserve Account the amount necessary (or all moneys in the General Reserve Fund, if necessary) to make up any deficiency in such Account, after giving effect to any Reserve Fund Instrument deposited in such Account pursuant to subsection 5 of Section 508 of the Resolution, resulting from any transfer of moneys from said Debt Service Reserve Account to the Debt Service Account provided, that transfers to individual subaccounts shall be made pro rata based on the Debt Service Reserve Requirement applicable to such subaccount, and (iii) for transfer to the Subordinated Indebtedness Fund the amount necessary (or all moneys in the General Reserve Fund, if necessary) to make up any deficiency in such Fund.

2. Amounts in the General Reserve Fund not required to meet a deficiency as required in subsection 1 of this Section 510 may be applied to or set aside for any one or more of the following:

- (a) the purchase or redemption of any Bonds, including without limitation Option Bonds tendered for payment and not remarketed, or purchase or redemption of Subordinated Debt, and to provide for expenses in connection with the purchase or redemption of any Bonds or Subordinated Debt or any reserves which CMEEC determines shall be required for such purposes;
- (b) payments into the Subordinated Indebtedness Fund for application to the purposes of such Fund;
- (c) transfer to the Operating Fund;
- (d) payments into any separate account or accounts established in the Construction Fund for application to the purposes of such account; and
- (e) any other lawful purpose of CMEEC, including the payment of Credit Obligations and Financial Contracts payable from the General Reserve Fund;

provided, however, that, (i) subject to the provisions of subsection 1 of this Section, amounts deposited in the General Reserve Fund and for application to the purchase or redemption of Bonds shall be applied to such purpose and (ii) no payments shall be made from the General Reserve Fund to pay any costs if and to the extent that the proceeds of insurance or other moneys recoverable as a result of damage, if any, are available to pay such costs.

511. Cancellation and Destruction of Bonds. Except as may be otherwise provided with respect to Option Bonds, all Bonds paid or redeemed, either at or before maturity shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased or redeemed pursuant to Section 507 which have been delivered to the Trustee for application as a credit against Sinking Fund Installments and all Bonds purchased or redeemed by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Trustee, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers describing the Bonds so destroyed, and one executed certificate shall be filed with CMEEC and the other executed certificate shall be retained by the Trustee.

512. Subordinated Debt. 1. CMEEC may, at any time, or from time to time, issue or incur Subordinated Debt for any of its corporate purposes payable out of, and which may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available for the purpose of payment thereof; provided, however, that such pledge shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien created by the Resolution as security for the Bonds.

2. CMEEC may also, at any time or from time to time, issue Subordinated Debt to refund any Subordinated Debt issued as provided in this Section or to refund Outstanding Bonds of one or more Series or one or more maturities within a Series. Such Subordinated Debt issued for refunding purposes may be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund as may from time to time be available therefor, provided that any such payment or pledge shall be, and shall be expressed to

be, subordinate and junior in all respects to the pledge and lien created by the Resolution as security for the Bonds.

3. Any issue of Subordinated Debt may have such rank or priority with respect to any other issue as may be provided in the resolution, indenture or other instrument securing such issue of Subordinated Debt and may contain such other provisions as are not in conflict with the provisions of the Resolution.

ARTICLE VI

DEPOSITORIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

601. Depositories. 1. All moneys held by the Trustee and CMEEC under the provisions of the Resolution shall constitute trust funds and the Trustee and CMEEC may deposit such moneys with one or more Depositories in trust for said parties. All moneys deposited under the provisions of the Resolution with the Trustee or any Depository shall be held in trust and applied only in accordance with the provisions of the Resolution, and each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

2. Each Depository shall be a bank or trust company organized under the laws of any state of the United States or a national banking association having capital stock, surplus and undivided earnings of \$50,000,000 or more and willing and able to accept the office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Resolution.

602. Deposits. 1. All Revenues and moneys held by any Depository under the Resolution may be placed on demand or time deposit, if and as directed in writing by CMEEC, provided that such deposits shall permit the moneys so held to be available for use at the time when needed. Any such deposit may be made in the commercial banking department of any Depository which may honor checks and drafts on such deposit with the same force and effect as if it were not such Depository. All moneys held by any Depository, as such, may be deposited by such Depository in its banking department on demand or, if and to the extent directed in writing by CMEEC and acceptable to such Depository, on time deposit, provided that such moneys on deposit be available for use at the time when needed. Such Depository shall allow and credit on such moneys such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

2. All moneys held under the Resolution by the Trustee or any Depository shall be held in such other manner as may then be required by applicable Federal or State laws and regulations regarding security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that, to the extent permitted by law, it shall not be necessary for the Fiduciaries to give security under this subsection 2 for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for the Trustee or any Depository to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys.

3. All moneys deposited with the Trustee and each Depository shall be credited to the particular Fund or Account to which such moneys belong and, except as provided with respect to the investment of moneys in Investment Securities in Section 603 hereof, the moneys credited to each particular Fund or Account shall be kept separate and apart from, and not commingled with, any moneys credited to any other Fund or Account or any other moneys deposited with the Trustee and each Depository.

603. Investment of Certain Funds. Moneys held in any Fund or Account shall be invested and reinvested to the fullest extent practicable in Investment Securities which mature or otherwise become payable no later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund or Account but in no event later than the final maturity date of the Bonds, except that moneys in the Debt Reserve Fund shall be invested in Investment Securities which mature within five years (unless such Investment Securities shall be redeemable at the option of the owner thereof, in which event such securities may mature on a date no later than the final maturity date of the Bonds). The Trustee shall make all such investments of moneys held by it in accordance with written instructions or oral instructions, promptly confirmed in writing, from time to time received from any Authorized Officer of CMEEC. In making any investment in any Investment Securities with moneys in any Fund or Account established under the Resolution, CMEEC may instruct the Trustee or any Depository to combine such moneys with moneys in any other Fund or Account, but solely for purposes of making such investment in such Investment Securities.

Unless otherwise provided in a Supplemental Resolution, interest (net of that which represents a return of accrued interest paid in connection with the purchase of any investment) earned or any gain realized on any moneys or investments in such Funds and Accounts, other than the Construction Fund, shall be paid into the Revenue Fund; provided, however, that at the written direction of CMEEC, such income earned on moneys or investments in any Fund or Account or any portion thereof shall be paid into the Construction Fund. Interest earned or gain realized on any moneys or investments in the Construction Fund shall be held in such Fund for the purposes thereof or, if so directed in writing by Authority, paid into the Revenue Fund.

Nothing in the Resolution shall prevent any Investment Securities acquired as investments of or security for funds held under the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

The Trustee may invest or reinvest moneys through its corporate trust department; provided, however, that CMEEC may, in its discretion, direct that such moneys be invested or reinvested in a manner other than through such corporate trust department. The Trustee may receive a fee for any such investment or reinvestment.

604. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any Fund or Account created under the provisions of the Resolution shall be deemed at all times to be a part of such Fund or Account and any profit realized from the liquidation of such investment shall be credited to such Fund or Account, and any loss resulting from the liquidation of such investment shall be charged to the respective Fund or Account.

In computing the amount in any Fund or Account created under the provisions of the Resolution for any purpose provided in the Resolution, except as otherwise provided in this Section, obligations purchased as an investment of moneys therein shall be valued at the amortized cost of such obligations, provided that obligations which mature ten years or later after such date of evaluation shall be valued at the market price thereof. The accrued interest paid in connection with the purchase of any obligations shall be included in the value thereof. Any Reserve Fund Instrument deposited in the Debt Reserve Fund shall be valued at the lesser of the amount to be drawn thereunder or the principal amount thereof. Any repurchase agreement or investment agreement shall be valued at the principal amount thereof. Such computation shall be determined on December 31 of each year and at such other times as CMEEC shall determine.

Except as otherwise provided in the Resolution, the Trustee or any Depository shall use its commercially reasonable efforts in accordance with customary commercial practice to sell at the best price obtainable, or present for redemption, any obligation so purchased as an investment whenever it shall be requested in writing by an Authorized Officer of Authority so to do. Whenever it shall be necessary, or upon direction of Authority in accordance with the Resolution, in order to provide moneys to meet any payment, withdrawal or transfer from any Fund or Account held by the Trustee or any Depository, the Trustee or any Depository shall use its commercially reasonable efforts in accordance with customary commercial practice to sell at the best price obtainable or present for redemption such obligation or obligations designated by an Authorized Officer of Authority necessary to provide sufficient moneys for such payment or transfer.

The Trustee shall not be liable or responsible for any loss resulting from any such investment, sale or presentation for investment made in the manner provided above.

ARTICLE VII

PARTICULAR COVENANTS OF CMEEC

CMEEC covenants and agrees with the Trustee and the Owners of the Bonds as follows:

701. Payment of Bonds. CMEEC shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner provided in the Bonds, according to the true intent and meaning thereof.

702. Extension of Payment of Bonds. CMEEC shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of the Pledged Property (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Fiduciaries, except subject to the prior payment of the principal of all Bonds Outstanding the maturity of which has not been extended

and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of CMEEC to issue Option Bonds or Refunding Bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

703. Offices for Servicing Bonds. CMEEC shall maintain one or more agencies where Bonds may be presented for payment, registration, transfer or exchange, and for the service upon CMEEC of notices, demands and other documents. CMEEC hereby appoints the Trustee as Bond Registrar to maintain an agency for the registration, transfer or exchange of Bonds, and for the service upon CMEEC of such notices, demands and other documents, and the Trustee shall continuously maintain or make arrangements to provide such services. CMEEC hereby appoints the Trustee as Paying Agent to maintain such agency for the payment or redemption of Bonds.

704. Further Assurance. At any and all times CMEEC shall, as far as it may be authorized by law, comply with any reasonable request of the Trustee to pass, make, do, execute, acknowledge and deliver, all and every further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, Revenues and other moneys, securities and funds hereby pledged or assigned, or intended so to be, or which CMEEC may become bound to pledge or assign.

705. Power to Issue Bonds and Pledge Pledged Property. CMEEC is duly authorized under all applicable laws to authorize and issue the Bonds and to adopt the Resolution and to pledge the Pledged Property to the Trustee in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Resolution, the Pledged Property is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and assignment created by the Resolution, and all corporate or other action on the part of CMEEC to that end has been and will be duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable obligations of CMEEC in accordance with their terms and the terms of the Resolution. CMEEC shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all the rights of the Owners of the Bonds under the Resolution against all claims and demands of all persons whomsoever.

706. Power to Fix and Collect Rates and Charges. CMEEC will have, as long as any Bonds are Outstanding, good right and lawful power to fix, establish, maintain, charge and collect, rates, fees and charges with respect to the sale of the services pursuant to the Transmission Services Agreements.

707. Creation of Liens; Sale and Lease of Property. CMEEC shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than the Bonds, payable out of or secured by a pledge or assignment of the Pledged Property or other moneys, securities or funds held or set aside by CMEEC or by the Fiduciaries under the Resolution and shall not create or cause to be created any lien or charge on the Pledged Property, or such moneys, securities or funds; provided, however, that nothing contained in the Resolution shall prevent CMEEC from issuing, if and to the extent permitted by law (i) evidences of

indebtedness payable out of, or secured by a pledge or assignment of, Revenues to be received on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in Section 1201, (ii) Subordinated Debt, (iii) liens securing the purchase price of real or personal property which exist at the time of acquisition on such real or personal property, (iv) Credit Obligations payable from the Operating Fund, the Subordinated Indebtedness Fund or the General Reserve Fund, or (v) Financial Contracts payable from any Fund or Account created under the Resolution.

708. Payment of Taxes and Charges. CMEEC will from time to time duly pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges, or required payments in lieu thereof, lawfully imposed upon the properties of CMEEC or upon the rights, revenues, income, receipts, and other moneys, securities and funds of CMEEC when the same shall become due (including all rights, moneys and other property transferred, assigned or pledged under the Resolution), and all lawful claims for labor and material and supplies, except those taxes, assessments, charges or claims which CMEEC shall in good faith contest by proper legal proceedings if CMEEC shall in all such cases have set aside on its books reserves deemed adequate with respect thereto or provided a bond therefor.

709. Annual Budget. Not less than 30 days prior to the beginning of each Fiscal Year commencing with the first Fiscal Year after the adoption of this Transmission Services Revenue Bond Resolution, CMEEC shall prepare and file with the Trustee an Annual Budget for the ensuing Fiscal Year which shall set forth in reasonable detail the estimated Revenues and Operating Expenses and other expenditures for such Fiscal Year and which shall include monthly appropriations for the estimated amounts to be deposited during each month in such year in the Operating Fund and the requirements, if any, for and the amounts estimated to be expended during each month from each Fund and Account established under the Resolution. Such Annual Budget also may set forth such additional material as CMEEC may determine. Following the end of each fiscal quarter and at such other times as CMEEC shall determine, CMEEC shall review its estimates set forth in the Annual Budget for such Fiscal Year, and in the event such estimates do not substantially correspond with actual Revenues, Operating Expenses or other requirements, or if there are at any time during any such Fiscal Year extraordinary receipts or payments of unusual costs, CMEEC shall prepare an amended Annual Budget for the remainder of such Fiscal Year. CMEEC also may at any time adopt an amended Annual Budget for the remainder of the then current Fiscal Year.

710. Rates, Fees and Charges. 1. CMEEC shall charge and collect rates, fees and charges pursuant to the Transmission Services Contracts, which together with other moneys available therefor, are expected to produce Revenues for each Fiscal Year which will be at least sufficient for such Fiscal Year to pay the sum of:

(a) all amounts estimated to be required to be deposited to the Operating Fund during such Fiscal Year;

(b) a sum equal to 110% of the Aggregate Debt Service for such Fiscal Year computed as of the beginning of such Fiscal Year;

(c) the amount, if any, to be paid during such Fiscal Year into the Debt Service Reserve Account (other than amounts required to be paid into such Account out of the proceeds of Bonds);

(d) a sum equal to the debt service on any Subordinated Debt for such Fiscal Year computed as of the beginning of such Fiscal Year; and

(e) amounts necessary to pay and discharge all charges or liens payable out of the Revenues during such Fiscal Year including, but not limited to, payment of Reimbursement Obligations, Credit Obligations, Subordinated Debt and Financial Contracts.

Notwithstanding anything contained in this Section 710, amounts deposited in the Stabilization Account of the Revenue Fund shall not be deemed Revenues in the year deposited and amounts withdrawn from the Stabilization Account and transferred to the Operating Fund shall be deemed Revenues in the year withdrawn.

2. Except to the extent required to comply with the terms, conditions or requirements of any license, permit or regulatory requirement, CMEEC will not furnish or supply or cause to be furnished or supplied any services, free of charge to any person, firm or corporation, public or private, and CMEEC will to the extent permitted by law enforce the payment of any and all accounts owing to CMEEC by discontinuing such services, or by filing suit therefor within 60 days after any such accounts are due, or by both such discontinuance and by filing suit.

3. Promptly upon (a) any material decrease in any month in the Revenues anticipated to be received from any, fees, rates or charges pursuant to the Transmission Services Contracts at the time of adoption of such, fees, rates or charges or any later review thereof, (b) any material increase in Operating Expenses in any month not contemplated at the time of adoption of the, fees, rates and charges then in effect or any later review thereof, or (c) any other material change in the circumstances which were contemplated at the time such, fees, rates and charges were most recently reviewed, but not less frequently than once every 12 months, CMEEC shall review the, fees, rates and charges so established and shall promptly establish or revise such, rates, fees and charges as necessary to comply with the foregoing requirements, provided that such, fees, rates and charges shall in any event produce moneys sufficient to enable CMEEC to comply with all its covenants under the Resolution.

711. Transmission Services Contracts; Amendment. CMEEC shall collect and forthwith deposit in the Revenue Fund all amounts payable to it pursuant to the Transmission Services Contracts or payable to it pursuant to any other contract for the sale of transmission services. CMEEC shall enforce the provisions of the Transmission Services Contracts and duly perform its covenants and agreements thereunder. CMEEC will not consent or agree to or permit any rescission of or amendment to or otherwise take any action under or in connection with the Transmission Services Contracts which will reduce or which will in any manner impair or adversely affect the rights of CMEEC thereunder or materially impair or adversely affect the rights or security of the Bondholders under the Resolution, and any action by CMEEC in violation of this covenant shall be null and void as to CMEEC and TRANSCO. The extension of

the term of the Transmission Services Contracts shall not constitute such a revision or amendment. A copy of the Transmission Services Contracts certified by an Authorized Officer of CMEEC shall be filed with the Trustee, and prior to execution by CMEEC of any such amendment thereof, a copy of such amendment certified by an Authorized Officer of CMEEC shall be filed with the Trustee.

712. Accounts and Reports. 1. CMEEC shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to each Fund and Account established under the Resolution and held by CMEEC and which, together with all other books and papers of CMEEC, shall during reasonable business hours be subject to the inspection of the Trustee and the Owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing.

2. The Trustee and CMEEC shall advise each other promptly after the end of each fiscal quarter of their respective transactions during such quarter relating to each Fund and Account held by it under the Resolution.

3. CMEEC shall annually, within 120 days after the close of each Fiscal Year file with the Trustee and otherwise as provided by law, a copy of an annual report for such Fiscal Year, accompanied by an Accountant's Certificate, which shall include the following statements in reasonable detail: a statement of assets and liabilities as of the end of such Fiscal Year; a statement of Revenues and Operating Expenses for such Fiscal Year; and a summary with respect to each Fund and Account established under the Resolution. Nothing contained herein shall be deemed to prevent CMEEC from including the annual report required by this subsection 3 in any other annual report required to be prepared by CMEEC for other indebtedness of CMEEC.

4. The reports, statements and other documents required to be furnished to the Trustee pursuant to any provisions of the Resolution shall be available for the inspection of the Owners of the Bonds at the office of the Trustee and shall be mailed to the Owners of not less than 5% in principal amount of the Bonds then Outstanding or their agents and their representatives, who shall file a written request therefor with CMEEC or the Trustee. CMEEC and the Trustee may charge for such reports, statements and other documents, a reasonable fee to cover reproduction, handling and postage.

5. CMEEC shall file with the Trustee (a) forthwith upon becoming aware of any Event of Default or default in the performance by CMEEC of any covenant, agreement or condition contained in the Resolution, a certificate signed by an Authorized Officer of CMEEC and specifying such Event of Default or default and (b) within 120 days after the end of each Fiscal Year commencing with the Fiscal Year ending after the Fiscal Year in which this Transmission Services Revenue Bond Resolution is adopted, a certificate signed by an Authorized Officer of CMEEC stating that, to the best of his knowledge and belief, CMEEC has kept, observed, performed and fulfilled each and every one of its covenants, agreements and obligations contained in the Resolution and there does not exist at the date of such certificate any default by CMEEC under the Resolution or any Event of Default or other event which, with the lapse of time specified in Section 801 would become an Event of Default, or, if any such default

or Event of Default or other event shall so exist, specifying the same and the nature and status thereof.

713. General. 1. CMEEC shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of CMEEC under the provisions of the Act and the Resolution.

2. Upon the date of authentication and delivery of any of the Bonds, all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of CMEEC, shall comply in all respects with the applicable laws of the State.

ARTICLE VIII

REMEDIES OF BONDHOLDERS

801. Events of Default. The following events shall constitute an Event of Default under the Resolution:

(i) if default shall be made by CMEEC in the due and punctual payment of the principal (including any Sinking Fund Installment) or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;

(ii) if default shall be made by CMEEC in the due and punctual payment of any installment of interest on any Bond for thirty days after such interest installment shall become due and payable;

(iii) if default shall be made by CMEEC in the performance or observance of any other of the covenants, agreements or conditions on its part in the Resolution or in the Bonds contained, and such default shall continue for a period of 60 days after written notice thereof to CMEEC by the Trustee or to CMEEC and to the Trustee by the Owners of not less than 10% in principal amount of the Bonds Outstanding;

(iv) if CMEEC shall commence a voluntary case or similar proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall authorize, apply for or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official for CMEEC and/or its fees, charges or other revenues derived from the Transmission Services Contracts, or shall make any general assignment for the benefit of creditors, or shall make a written declaration or admission to the effect that it is unable to meet its debts as such debts mature, or shall authorize or take any action in furtherance of any of the foregoing;

(v) if a court having jurisdiction in the premises shall enter a decree or order for relief with respect to CMEEC in an involuntary case or similar proceeding

under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or a decree or order appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for CMEEC, and/or the, fees, charges or other revenues derived from the Transmission Services Contracts, or a decree or order for the dissolution, liquidation or winding up CMEEC and its affairs or a decree or order finding or determining that CMEEC is unable to meet its debts as such debts mature, and any such decree or order shall remain unstayed and in effect for a period of 90 consecutive days; and

(vi) any event pursuant to an agreement between CMEEC and a Credit Enhancer or any event in a Financial Contract which is set forth in a Supplemental Resolution as an Event of Default under the Resolution.

802. Accounting and Examination of Records After Default. 1. CMEEC covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of CMEEC, including the registration books maintained pursuant to Section 304, shall at all times be subject to the inspection and use of the Trustee and of its respective agents and attorneys.

2. CMEEC covenants that if an Event of Default shall have happened and shall not have been remedied, CMEEC, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Revenues and other moneys, securities and funds pledged or held under the Resolution for such period as shall be stated in such demand.

803. Application of Revenues After Default. 1. CMEEC covenants that if an Event of Default shall happen and shall not have been remedied, CMEEC, upon the demand of the Trustee, shall (i) make payments of all Revenues directly to the Trustee for deposit in the Revenue Fund, (ii) to the extent not previously so granted, grant to the Trustee the rights and remedies afforded CMEEC in the TRANSCO Agreement, and (iii) pay over or cause to be paid over to the Trustee (a) forthwith, all moneys, securities and funds then held by CMEEC in any Fund under the Resolution, and (b) all Revenues which are not paid directly to the Trustee as promptly as practicable after receipt thereof.

2. During the continuance of an Event of Default, the Trustee shall apply all moneys, securities, funds and Revenues received by the Trustee pursuant to any right given or action taken under the provisions of this Article as follows and in the following order:

(i) Expenses of Fiduciaries — to the payment of the reasonable and proper charges, expenses (including, without limitation, legal fees and expenses) and liabilities of the Fiduciaries;

(ii) Operating Expenses — to the payment of the amounts required for Operating Expenses necessary in the judgment of the Trustee to prevent loss of Revenues. For this purpose the books of record and accounts of CMEEC relating to the Transmission Services Contracts shall at all times be subject to the inspection of the Trustee and its representatives and agents during the continuance of such Event of Default; and

(iii) Principal or Redemption Price and Interest — to the payment of the interest and principal or Redemption Price then due on the Bonds, as follows:

(a) unless the principal of all of the Bonds shall have become due and payable,

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

Second: Principal or Redemption Price — To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

(b) if the principal of all of the Bonds shall have become due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons.

3. If and whenever all overdue installments of interest on all Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, and all other sums payable by CMEEC under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds which shall then be payable by declaration or otherwise, shall either be paid by or for the account of CMEEC, or provisions satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to CMEEC all moneys, securities and funds then remaining unexpended in the hands of the Trustee (except moneys, securities and funds deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon CMEEC and the Trustee shall be restored, respectively, to their former positions and rights under the Resolution. No such payment over to CMEEC by the Trustee nor such restoration of CMEEC and the Trustee to their former positions

and rights shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

4. Notwithstanding anything contained in the Resolution to the contrary, proceeds of Credit Enhancement shall be used solely to pay the principal of and interest and any premium (to the extent such premium is secured by such Credit Enhancement) on, or purchase price of, any Bonds secured by such Credit Enhancement. Notwithstanding anything contained in the Resolution to the contrary, proceeds of Credit Enhancement, proceeds of a remarketing of any Bonds (other than Bank Bonds) and any moneys held for a redemption once a notice of redemption has been sent shall only be used to pay the purchase price of any Bonds so remarketed.

804. Proceedings Brought by Trustee. 1. If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the Owners of not less than 25% in principal amount of the Bonds Outstanding and receipt of security and indemnity satisfactory to it shall proceed, to protect and enforce its rights and the rights of the Owners of the Bonds under the Resolution forthwith by a suit or suits in equity or at law, whether for the specific performance of any covenant herein contained, or in aid of the execution of any power herein granted, or for an accounting against CMEEC as if CMEEC were the trustee of an express trust, or in the enforcement of any other legal or equitable right as the Trustee, being advised by counsel, shall deem most effectual to enforce any of its rights or to perform any of its duties under the Resolution.

2. All rights of action under the Resolution may be enforced by the Trustee without the possession of any of the Bonds or the production thereof at the trial or other proceedings, and any such suit or proceedings instituted by the Trustee shall be brought in its name.

3. The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, provided that notwithstanding subsection (1) above the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action or proceeding so directed may not lawfully be taken, or if the Trustee in good faith shall determine that the action or proceeding so directed would involve the Trustee in personal liability or be unjustly prejudicial to the Owners of the Bonds not parties to such direction.

4. Upon commencing a suit in equity or upon other commencement of judicial proceedings by the Trustee to enforce any right under the Resolution, the Trustee shall be entitled to exercise any and all rights and powers conferred in the Resolution and provided to be exercised by the Trustee upon the occurrence of any Event of Default.

5. Regardless of the happening of an Event of Default, the Trustee shall have power to, but unless requested in writing by the Owners of 25% in principal amount of the Bonds then Outstanding or a Credit Enhancer and furnished with security and indemnity satisfactory to it, shall be under no obligation to, institute and maintain such suits and proceedings as it may be

advised shall be necessary or expedient to prevent any impairment of the security under the Resolution by any acts which may be unlawful or in violation of the Resolution, and such suits and proceedings as the Trustee may be advised shall be necessary or expedient to preserve or protect its interests and the interests of the Owners of the Bonds. Upon the occurrence of an Event of Default, the Trustee shall have the right pursuant to an appropriate proceeding to the appointment of a receiver of the Services.

6. Anything in the Resolution to the contrary notwithstanding, (a) a Credit Enhancer, so long as the Credit Enhancer is not in default in its obligations to provide Credit

Enhancement, or (b) with the prior written consent of a Credit Enhancer, so long as the Credit Enhancer is not in default in its obligations to provide Credit Enhancement, the Owners of a majority in aggregate principal amount of Bonds in default then Outstanding, shall have the right, at any time during the continuance of an Event of Default of such Bonds, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Resolution, or for the appointment of a receiver or any other proceedings hereunder; provided, however, that such direction shall be accompanied by security and indemnity satisfactory to the Trustee and subject to the provisions of subsection (2) above, and shall not be otherwise than in accordance with the provisions of law and of the Resolution.

805. Restrictions on Actions by Owners of the Bonds.

1. No Owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of the Resolution or the execution of any trust under the Resolution or for any remedy under the Resolution, unless such Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, as provided in this Article, and the Owners of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee (and the Trustee has not received a conflicting request), and shall have offered the Trustee reasonable opportunity, either to exercise the powers granted in the Resolution or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such Owners shall have offered to the Trustee to its satisfaction security and indemnity against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Resolution, or to enforce any right under the Resolution, except in the manner therein provided; and that all proceedings at law or in equity to enforce any provision of the Resolution shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all Owners of the Outstanding Bonds.

2. Nothing in the Resolution or in the Bonds contained shall affect or impair the obligation of CMEEC, which is absolute and unconditional, to pay at the respective dates of

maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective Owners thereof, or affect or impair the right of action, which is also absolute and unconditional, of any Owner to enforce such payment of its Bond.

806. Remedies Not Exclusive. Except as provided herein, no remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or, existing at law or in equity or by statute on or after the date of execution and delivery of the Resolution.

807. Effect of Waiver and Other Circumstances. 1. No delay or omission of the Trustee or any Owner of a Bond to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or be an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the Bondholders may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Owners of the Bonds. No waiver of an Event of Default may be made for Bonds which are secured by Credit Enhancement until such Credit Enhancement has been reinstated.

2. The Owners of not less than a majority in principal amount of the Bonds at the time Outstanding, or their attorneys-in-fact duly authorized, may on behalf of the Owners of all of the Bonds waive any past default under the Resolution and its consequences, except a default in the payment of interest on or principal of or premium (if any) on any of the Bonds before any such waiver shall be effective. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

808. Notice of Default. The Trustee shall promptly mail written notice of the occurrence of any Event of Default of which an officer within its corporate trust department has actual notice or knowledge to each Owner of the Bonds then Outstanding at his address, if any, appearing upon the registry books of CMEEC.

ARTICLE IX

CONCERNING THE FIDUCIARIES

901. Trustee; Appointment and Acceptance of Duties. U. S. Bank National Association. is hereby appointed Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing the certificate of authentication endorsed upon the Bonds and by executing such certificate of authentication upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations with respect to all the Bonds thereafter to be issued, but only, however, upon the terms and conditions set forth in the Resolution.

902. Paying Agents; Appointment and Acceptance of Duties. 1. CMEEC shall appoint one or more Paying Agents for the Bonds of each Series, and may at any time or from time to time appoint one or more other Paying Agents. All Paying Agents appointed shall have

the qualifications set forth in Section 913 for a successor Paying Agent. The Trustee may be appointed a Paying Agent.

2. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to CMEEC and to the Trustee a written acceptance thereof.

3. Unless otherwise provided, the principal corporate trust offices of the Paying Agents are designated as the respective offices or agencies of CMEEC for the payment of the interest on and principal or Redemption Price of the Bonds.

903. Responsibilities of Fiduciaries. 1. The recitals of fact herein and in the Bonds contained shall be taken as the statements of CMEEC and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or as to the security afforded by the Resolution, and no Fiduciary shall incur any liability in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate of authentication on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid by such Fiduciary in accordance with the provisions of the Resolution to CMEEC or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection 2 of this Section 903, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct.

2. The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Resolution and no implied duties shall be read into the Resolution against the Trustee. Without limiting the preceding sentence, the Trustee shall not be charged with any duty to review or evaluate the items delivered to it pursuant to Sections 709 and 712 hereof. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by the Resolution, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision of the Resolution relating to action taken or to be taken by the Trustee or any evidence upon which the Trustee may rely shall be subject to the provisions of this Section 903 and Section 904.

904. Evidence on Which Fiduciaries May Act. 1. Each Fiduciary, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of the Resolution, shall examine such instrument to determine whether it conforms to the requirements of the Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be counsel to CMEEC, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

2. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proven or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proven and established by a certificate of an Authorized Officer of CMEEC, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

3. Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by CMEEC to any Fiduciary shall be sufficiently executed in the name of CMEEC when signed by an Authorized Officer of CMEEC.

905. Compensation. CMEEC shall pay to each Fiduciary such compensation as shall be agreed upon in writing for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution, in accordance with the agreements made from time to time between CMEEC and the Fiduciary and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under the Resolution, other than moneys set aside for redemption after notice of such redemption has been given and the proceeds of a remarketing of any Bonds, prior to any of the Bonds for which such services have been rendered. Subject to the provisions of Section 903, CMEEC further agrees to indemnify and save each Fiduciary and their directors, officers, employees and agents (collectively, the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out of-pocket, incidental expenses, legal fees and expenses ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which a Fiduciary is authorized to rely pursuant to the terms of the Resolution. In addition to and not in limitation of the immediately preceding sentence, CMEEC also agrees to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of a Fiduciary's performance under the Resolution, provided such Loss was not due to such Fiduciary's negligence or willful misconduct. These provisions shall survive the payment of the Bonds and the resignation or removal of any Fiduciary for any reason.

906. Certain Permitted Acts. Any Fiduciary, individually or otherwise, may become the owner of any Bonds, with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

907. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties created by the Resolution by giving not less than 90 days written notice to CMEEC, and mailing notice thereof to the Owners of Bonds then Outstanding, specifying the date when such resignation shall take effect, and such resignation shall take effect upon the day specified in such notice unless (i) previously a successor shall have been appointed by CMEEC or the Owners of the Bonds as provided in Section 909, in which event such resignation shall take effect immediately on the appointment of such successor, or (ii) a successor shall not have been appointed by CMEEC or the Owners of the Bonds as provided in Section 909 on such date, in which event such resignation shall not take effect until a successor is appointed.

908. Removal of the Trustee. The Trustee may be removed at any time with cause by an instrument or concurrent instruments in writing, filed with the Trustee, and signed by the Owners of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of CMEEC. So long as no Event of Default, or an event which, with notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing, the Trustee may be removed at any time by a resolution of CMEEC filed with the Trustee. No such removal of the Trustee shall take effect until a successor Trustee has been appointed.

909. Appointment of Successor Trustee. 1. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor Trustee may be appointed by CMEEC by a duly executed written instrument signed by an Authorized Officer of CMEEC, but if CMEEC does not appoint a successor Trustee within 60 days, then by the Owners of a majority in principal amount of the Bonds then Outstanding, excluding any Bonds held by or for the account of CMEEC, by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact duly authorized and delivered to such successor Trustee, notification thereof being given to CMEEC and the predecessor Trustee. After such appointment of a successor Trustee, CMEEC shall mail notice of any such appointment by it or the Owners of the Bonds to the Owners of all of the Bonds then Outstanding.

2. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within 120 days after the Trustee shall have given to CMEEC written notice as provided in Section 907 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, removal, or for any other reason whatsoever, the Trustee or the Owner of any Bond (in any case) may, at the expense of CMEEC, apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

3. Any Trustee appointed under the provisions of this Section 909 in succession to the Trustee shall be a bank or trust company organized under the laws of any state or a national banking association and shall have capital stock and surplus aggregating at least \$50,000,000 if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

910. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to CMEEC, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of CMEEC or of the successor Trustee, execute, acknowledge and deliver such instrument of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property, rights, interests and estates held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from CMEEC be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by CMEEC. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

911. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association and shall be authorized by law to perform all the duties imposed upon it by the Resolution, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act. Should any deed, conveyance or instrument in writing from CMEEC be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by CMEEC.

912. Adoption of Authentication. In case any of the Bonds contemplated to be issued under the Resolution shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated; and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the predecessor Trustee, or in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in the Resolution provided that the certificate of the Trustee shall have.

913. Resignation or Removal of Paying Agent and Appointment of Successor.
1. Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least 60 days written notice to CMEEC, the Trustee and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of CMEEC. Any successor Paying Agent shall be appointed by CMEEC with the approval of the Trustee and shall

be a bank or trust company organized under the laws of any state of the United States or a national banking association, having capital stock and surplus aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

2. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act as such Paying Agent.

914. Notices. Any notices, certificates or other communications required or permitted to be given herein shall be in writing (unless otherwise specifically required or permitted herein) and shall be sufficiently given and shall be deemed given when hand delivered or mailed by registered or certified mail, postage prepaid to CMEEC and the Trustee and the Paying Agent at the addresses set forth below:

- (i) CMEEC Connecticut Municipal Electric Energy Cooperative
30 Stott Avenue
Norwich, CT 06360
Attention:
- (ii) Trustee: U. S. Bank National Association
225 Asylum Street
23rd Floor
Hartford, CT 06103
Attention: Corporate Trust Services
- (iii) Paying Agent U. S. Bank National Association
225 Asylum Street
23rd Floor
Hartford, CT 06103
Attention: Corporate Trust Services

CMEEC, the Trustee and the Paying Agent may designate any further or different address to which subsequent notices and communications shall be sent by giving notice thereof to the other parties hereto.

ARTICLE X

SUPPLEMENTAL RESOLUTIONS

1001. Supplemental Resolutions Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of CMEEC may be adopted, which shall be fully effective in accordance with its terms:

(1) To close the Resolution against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Resolution on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of CMEEC in the Resolution, other covenants and agreements to be observed by CMEEC which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(3) To add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by CMEEC which are not contrary to or inconsistent with the Resolution as theretofore in effect;

(4) To authorize Bonds of a Series and to authorize Financial Contracts and, in connection therewith, specify and determine the matters and things referred to in Article II, and also any other matters and things relative to such Bonds or Financial Contract which are otherwise permitted hereby or are not a material change to the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds or the execution of such Financial Contract;

(5) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of coupon Bonds and, in connection therewith, specify and determine the matters and things relative to the issuance of such coupon Bonds, including provisions relating to the timing and manner of provision of any notice required to be given hereunder to the Owners of such coupon Bonds, which are not contrary to or inconsistent with the Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such coupon Bonds;

(6) To authorize, in compliance with all applicable law, Bonds of each Series to be issued in the form of Bonds issued and held in book-entry form on the books of CMEEC or any Fiduciary appointed for that purpose by CMEEC and, in connection therewith, make such additional changes herein, not adverse to the rights of the Owners of the Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form Bonds and specify and determine the matters and things relative to the issuance of such book-entry form Bonds as are appropriate or necessary;

(7) Notwithstanding any other provisions of the Resolution, to authorize Bonds of a Series having terms and provisions different than the terms and provisions theretofore provided in the Resolution, including but not limited to provisions relating to the timing of the payment of interest, maturity amounts and valuation as of a given time, and authorizing the form of bond for such Series of Bonds; provided that the authorization and issuance of such Series of Bonds shall

not in any manner impair or adversely affect the rights or security of the Owners of the Bonds under the Resolution;

(8) To confirm, as further assurance, any pledge or assignment under, and the subjection to any security interest, pledge or assignment created or to be created by, the Resolution of the Pledged Property and to pledge as Pledged Property any additional revenues, moneys, securities, Credit Facilities or other agreements;

(9) To comply with the provisions of any federal or state securities law, including, without limitation, the Trust Indenture Act of 1939, as amended or to comply with Section 103 of the Internal Revenue Code of 1954, as amended; or

(10) To modify any of the provisions of the Resolution in any other respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Bonds of each Series Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding, and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Resolution and of Bonds issued in exchange therefor or in place thereof.

1002. Supplemental Resolutions Effective Upon Consent of Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of CMEEC, and (ii) the filing with CMEEC of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or

(2) To insert such provisions clarifying matters or questions arising under the Resolution as are necessary or desirable and are not contrary to or inconsistent with the Resolution as theretofore in effect.

1003. Supplemental Resolutions Effective With Consent of Owners of the Bonds. At any time or from time to time, a Supplemental Resolution may be adopted subject to consent by the Owners of the Bonds in accordance with and subject to the provisions of Article XI, which Supplemental Resolution, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of CMEEC and upon compliance with the provisions of said Article XI, shall become fully effective in accordance with its terms as provided in said Article XI.

1004. General Provisions. 1. The Resolution shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article X and Article XI. Nothing contained in this Article X or Article XI shall affect or limit the right or obligation of CMEEC to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 704 or the right or

obligation of CMEEC to execute and deliver to any Fiduciary any instrument which elsewhere in the Resolution it is provided shall be delivered to said Fiduciary.

2. Any Supplemental Resolution referred to and permitted or authorized by Sections 1001 and 1002 may be adopted by CMEEC without the consent of any of the Owners of the Bonds, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. A copy of every Supplemental Resolution, other than a Supplemental Resolution adopted pursuant to subsection (4) of Section 1001, certified by an Authorized Officer of CMEEC, shall become effective when filed with the Trustee accompanied by an Opinion of Counsel stating that such Supplemental Resolution, has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon CMEEC and enforceable in accordance with its terms subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally.

3. The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Resolution referred to and permitted or authorized by Section 1001, 1002 or 1003 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an Opinion of Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

4. No Supplemental Resolution shall change or modify any of the rights or obligations of any Fiduciary without its prior written assent thereto.

ARTICLE XI

AMENDMENTS

1101. Mailing. Any provision in this Article for the mailing of a notice or other paper to the Owners of the Bonds shall be fully complied with if it is mailed postage prepaid only (i) to each Owner of Bonds then Outstanding at his address, if any, appearing upon the registry books of CMEEC and (ii) to the Trustee as provided in Section 914.

1102. Powers of Amendment. Any modification or amendment of the Resolution and of the rights and obligations of CMEEC and of the Owners of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in Section 1103 (i) of the Owners of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given and (ii) in case less than all of the several Series of Bonds then Outstanding are affected by the modification or amendment, of the Owners of at least a majority in principal amount of the Bonds of each Series so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price

thereof or in the rate of interest thereon to be without the consent of the Owner of such Bond, or shall reduce the percentages of Outstanding Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its prior written assent thereto. For the purpose of this Section, a Series shall be deemed to be affected by a modification or amendment of the Resolution only if the same adversely affects or diminishes the rights of the Owners of Bonds of such Series. The Trustee may in its discretion determine whether or not, in accordance with the foregoing powers of amendment, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on CMEEC and all Owners of Bonds. In making such determination, the Trustee shall be entitled to request and rely upon an Opinion of Counsel.

1103. Consent of Owners of the Bonds. CMEEC may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the provisions of Section 1102 to take effect when and as provided in this Section 1103. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee), together with a request to the Owners of the Bonds for their consent thereto in form satisfactory to the Trustee, shall be mailed by CMEEC to the Owners of the Bonds (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this Section 1103 provided). Such Supplemental Resolution shall not be effective unless and until (i) there shall have been filed with the Trustee (a) the written consents of Owners of the percentages of Outstanding Bonds specified in Section 1102 and (b) an Opinion of Counsel stating that such Supplemental Resolution has been duly and lawfully adopted and filed by CMEEC in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon CMEEC and enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights generally, and (ii) a notice shall have been given as hereinafter in this Section 1103 provided. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1202. A certificate or certificates executed by the Trustee and filed with CMEEC stating that it has examined such proof and that such proof is sufficient in accordance with Section 1202 shall be conclusive that the consents have been given by the Owners of the Bonds described in such certificate or certificates of the Trustee. Any such consent shall be binding upon the Owner of the Bonds giving such consent and, anything in Section 1202 to the contrary notwithstanding, upon any subsequent Owner of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Owner thereof has notice thereof) unless such consent is revoked in writing by the Owner of such Bonds giving such consent or a subsequent Owner thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter in this Section 1103 provided for is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1202 hereof. The fact that a consent has not been revoked may likewise be proven by a certificate of the Trustee filed with CMEEC to the effect that no revocation thereof is on file with the Trustee. At any time after the Owners of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Trustee shall make and file with CMEEC a written statement that the Owners of such required percentages of Bonds have filed such consents. Such written statements shall be conclusive that such consents have been so filed. At any time thereafter, notice stating in

substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by CMEEC on a stated date, a copy of which is on file with the Trustee) has been consented to by the Owners of the required percentages of Bonds and will be effective as provided in this Section 1103, may be given to the Owners of the Bonds by CMEEC by mailing such notice to the Owners of the Bonds (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as in this Section 1103 provided). CMEEC shall file with the Trustee proof of the mailing thereof. A record, consisting of the certificates or statements required or permitted by this Section 1103 to be made by the Trustee, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon CMEEC, the Fiduciaries and the Owners of all Bonds at the expiration of 40 days after the filing with the Trustee of the proof of the mailing of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such 40 day period; provided, however, that any Fiduciary and CMEEC during such 40 day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as they may deem expedient.

1104. Modifications by Unanimous Consent. The terms and provisions of the Resolution and the rights and obligations of CMEEC and of the Owners of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by CMEEC of a Supplemental Resolution and the consent of the Owners of all of the Bonds then Outstanding, such consent to be given as provided in Section 1103 except that no notice to the Owners of the Bonds shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary without the filing with the Trustee of the written assent thereto of such Fiduciary in addition to the consent of the Owners of the Bonds.

1105. Exclusion of Bonds. Bonds owned or held by or for the account of CMEEC shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article XI, and CMEEC shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, CMEEC shall furnish the Trustee a certificate of an Authorized Officer of CMEEC, upon which the Trustee may conclusively rely, describing all Bonds so to be excluded.

1106. Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article X or this Article XI provided may, and, if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by CMEEC and the Trustee as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal corporate trust office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If CMEEC or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and CMEEC to conform to such action shall be prepared, authenticated and delivered, and upon demand of the

Owner of any Bond then Outstanding shall be exchanged, without cost to such Owner, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

1107. Consent of the Credit Enhancer When Consent of Owner Required. To the extent provided in the Supplemental Resolution authorizing a Series of Bonds secured by Credit Enhancement, each Credit Enhancer, so long as such Credit Enhancer is not in default of its obligations to provide Credit Enhancement, and not the Owners of the Bonds, shall be deemed to be the Owner of Bonds of any Series as to which it is the Credit Enhancer at all times for the purpose of giving any approval or consent which requires the written approval or consent of the Owners of Bonds of such Series at the time Outstanding. However, no Credit Enhancer may consent to a modification or amendment which shall permit a change in the terms of redemption (including Sinking Fund Installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon or cause the interest on such Bond to be no longer excluded from gross income for federal income tax purposes without the consent of the Owner of such Bond, or shall reduce the percentages of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE XII

MISCELLANEOUS

1201. Defeasance. 1. If CMEEC shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated in the Bonds, and in the Resolution, then the pledge of the Pledged Property and other moneys and securities pledged under the Resolution and all covenants, agreements and other obligations of CMEEC to the Owners of the Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by CMEEC to be prepared and filed with CMEEC and, upon the request of CMEEC, shall execute and deliver to CMEEC all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to CMEEC the Pledged Property, including all moneys or securities held by them pursuant to the Resolution which are not required for the payment of principal or Redemption Price, if applicable, on Bonds not theretofore surrendered for such payment or redemption. If CMEEC shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of the Outstanding Bonds of a particular Series, or of a particular maturity or particular Bonds within a maturity within a Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein, and in the Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Resolution, and all covenants, agreements and obligations of CMEEC to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

2. Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Paying Agents (through deposit by CMEEC of funds for such payment or redemption or otherwise) at the maturity or redemption

date thereof shall be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section. Any Outstanding Bonds shall prior to the maturity or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, CMEEC shall have given to the Trustee instructions accepted in writing by the Trustee to mail as provided in Article IV notice of redemption of such Bonds (other than Bonds which have been purchased by the Trustee at the direction of CMEEC or purchased or otherwise acquired by CMEEC and delivered to the Trustee as hereinafter provided prior to the mailing of such notice of redemption) on said date, (b) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be, (c) in the event said Bonds are not by their terms subject to redemption within the next succeeding 60 days, CMEEC shall have given the Trustee in form satisfactory to it instructions to mail a notice to the Owners of such Bonds that the deposit required by (b) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section 1201 and stating such maturity or redemption date upon which moneys are expected, to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds (other than Bonds which have been purchased by the Trustee at the direction of CMEEC or purchased or otherwise acquired by CMEEC and delivered to the Trustee as hereinafter provided prior to the mailing of the notice of redemption referred to in clause (a) hereof), and (d) any rating agency then rating such Bonds and CMEEC shall have received a report of an independent certified public accountant or a financial advisor or a financial consultant of recognized standing in the field of municipal bonds to the effect that the amount of moneys and the principal of and interest when due on the Defeasance Securities deposited at the same time with the Trustee shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said bonds on or prior to the maturity or redemption date thereof, as the case may be. Any notice of redemption mailed pursuant to the preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing mark of each such Bond.

The Trustee shall, if so directed in writing by CMEEC (i) prior to the maturity date of Bonds deemed to have been paid in accordance with this Section 1201 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) above with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, apply moneys deposited with the Trustee with respect to such Bonds and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and the Trustee shall immediately thereafter cancel all such Bonds so purchased; provided, however, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds shall be sufficient to pay when due the Principal Installment or Redemption Price, if applicable, and interest due or to become due on all Bonds, with respect to which such moneys and Investment Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (i) prior to the maturity date of Bonds deemed to have been paid in

accordance with Section 1201 which are not to be redeemed prior to their maturity date or (ii) prior to the mailing of the notice of redemption referred to in clause (a) with respect to any Bonds deemed to have been paid in accordance with this Section 1201 which are to be redeemed on any date prior to their maturity, CMEEC shall purchase or otherwise acquire any such Bonds and deliver such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee shall immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee shall be accompanied by written directions from CMEEC to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed paid in accordance with this Section 1201. The directions given by CMEEC to the Trustee referred to in the preceding sentences shall also specify the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to pay Bonds deemed paid in accordance with this Section 1201 upon their maturity date or dates and the portion, if any, of such Bonds so purchased or delivered and cancelled to be applied against the obligation of the Trustee to redeem Bonds deemed paid in accordance with this Section 1201 on any date or dates prior to their maturity.

In the event that on any date as a result of any purchases, acquisitions and cancellations of Bonds as provided in this Section 1201 the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under this Section 1201 is in excess of the total amount which would have been required to be deposited with the Trustee on such date with respect to the remaining Bonds in order to satisfy subclause (b) of this subsection 2 of Section 1201, the Trustee shall, if requested in writing by CMEEC, pay the amount of such excess to CMEEC free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under this Resolution; provided, however, before any such excess is transferred to CMEEC, CMEEC shall have received a report of an independent certified public accountant or a financial advisor or financial consultant of recognized standing in the field of municipal bonds to the effect that the amount of moneys and the principal of and interest when due on the Defeasance Securities remaining on deposit with the Trustee after such is transferred to CMEEC shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on or prior to the redemption or maturity date thereof, as the case may be.

Except as otherwise provided in this subsection 2, subsection 3 and subsection 4 of this Section 1201, neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to CMEEC as received by the Trustee, free and clear of any trust, lien or pledge securing said Bonds or otherwise existing under the Resolution, and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to CMEEC, as received by the Trustee, free and clear

of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Resolution.

3. For purposes of determining whether Variable Interest Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, by the deposit of moneys, or Investment Securities and moneys, if any, in accordance with the second sentence of subsection 2 of this Section 1201, the interest to come due on such Variable Interest Rate Bonds on or prior to the maturity date or redemption date thereof, as the case may be, shall be calculated at the Maximum Interest Rate permitted by the terms thereof; provided, however, that if on any date, as a result of such Variable Interest Rate Bonds having borne interest at less than such Maximum Interest Rate for any period, the total amount of moneys and Investment Securities on deposit with the Trustee for the payment of interest on such Variable Interest Rate Bonds is in excess of the total amount which would have been required to be deposited with the Trustee on such date with respect to such Variable Interest Rate Bonds in order to satisfy the second sentence of subsection 2 of this Section 1201, the Trustee shall, if requested in writing by CMEEC, pay the amount of such excess to CMEEC free and clear of any trust, lien, pledge or assignment securing the Bonds or otherwise existing under the Resolution.

4. Option Bonds shall be deemed to have been paid in accordance with the second sentence of subsection 2 of this Section 1201 only if, in addition to satisfying the requirements of clauses (a) and (c) of such sentence, there shall have been deposited with the Trustee moneys in an amount which shall be sufficient to pay when due the maximum amount of principal of and premium, if any, and interest on such Bonds which could become payable to the Owners of such Bonds upon the exercise of any options provided to the Owners of such Bonds; provided, however, that if, at the time a deposit is made with the Trustee pursuant to subsection 2 of this Section, the options originally exercisable by the Owner of an Option Bond are no longer exercisable, such Bond shall not be considered an Option Bond for purposes of this subsection 4. If any portion of the moneys deposited with the Trustee for the payment of the principal of and premium, if any, and interest on Option Bonds is not required for such purpose the Trustee shall, if requested by CMEEC, pay the amount of such excess to CMEEC free and clear of any trust, lien, pledge or assignment securing said Bonds or otherwise existing under the Resolution.

5. Anything in the Resolution to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when such Bonds became due and payable, shall, at the written request of CMEEC, and subject to applicable escheat law, be repaid by the Fiduciary to CMEEC, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the Owners of the Bonds shall look only to CMEEC for the payment of such Bonds; provided, however, that before being required to make any such payment to CMEEC the Fiduciary shall, at the expense of CMEEC, cause to be published at least twice, at an interval of not less than seven days between publications, in a newspaper of general circulation in the City of New York, New York which contains financial information, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall

be not less than 30 days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to CMEEC.

6. CMEEC may authorize additional requirements for the payment or provision for the payment of a particular Series of Bonds in the Supplemental Resolution authorizing such Series of Bonds.

1202. Evidence of Signatures of the Owners of the Bonds and Ownership of Bonds. 1. Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Owners of the Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Owner or his attorney of such instruments may be proven by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any person executing any instrument as a Owner, the date of his holding such Bonds, and the numbers and other identification thereof, may be proven by a certificate, which need not be acknowledged or verified, in form satisfactory to the Trustee, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, showing at the date therein mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

3. The ownership of Bonds registered otherwise than to bearer and the amount, numbers and other identification, and date of holding the same shall be proven by the registry books.

4. Any request or consent by the owner of any Bond shall bind all future owners of such Bond with respect to anything done or suffered to be done by CMEEC or any Fiduciary in accordance therewith.

1203. Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto.

1204. Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of the Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of CMEEC, any other Fiduciary, and any Owner and their agents and their representatives, any of whom may make copies thereof.

1205. Parties Interested Herein. Nothing in the Resolution expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than CMEEC, the Fiduciaries and the Owners of the Bonds, any right, remedy or claim under or by reason of the Resolution or any covenant, condition or stipulation thereof; and all the covenants, stipulations, promises and agreements in the Resolution contained by and on behalf of CMEEC shall be for the sole and exclusive benefit of CMEEC, the Fiduciaries and the Owners of the Bonds.

1206. No Recourse on the Bonds. No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Bonds or for any claim based thereon or on the Resolution against any member or officer of CMEEC or any person executing the Bonds. The principal of, premium, if any, and interest on the Bonds shall not be payable from the general funds of the State, CMEEC or any city participating in CMEEC, nor shall such principal, interest or premium constitute a legal or equitable pledge, charge, lien or encumbrance upon any property or upon any income, receipts or revenues of the State, CMEEC or any city participating in CMEEC, except the Pledged Property. Neither the faith and credit nor the taxing power of any city participating in CMEEC or of the State are pledged for the payment of the principal of or interest on the Bonds, and no owner of the Bonds shall have the right to compel the exercise of the taxing power by the State or any such city or the forfeiture of any of its property in connection with any default thereon.

1207. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in the Resolution on the part of CMEEC or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of the Resolution.

1208. Holidays. Except as otherwise provided with respect to Option Bonds and Variable Interest Rate Bonds, if the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Resolution, 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 the Resolution, and no interest shall accrue for the period after such nominal date.

ARTICLE XIII

BOND FORMS AND EFFECTIVE DATE

1301. Form of Bonds and Trustee's Certificate of Authentication. Subject to the provisions of the Resolution, the forms of the fully registered Bonds of each Series, and the Trustee's Certificate of Authentication shall be of substantially the following tenor with such variations, omissions and insertions as are required or permitted by the Resolution:

[FORM OF FULLY REGISTERED BOND]

UNITED STATES OF AMERICA
STATE OF CONNECTICUT

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
TRANSMISSION SERVICES REVENUE BOND
2012 SERIES A

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“DTC”) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

NUMBER _____ \$ _____

<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>CUSIP</u>
_____	_____	_____ %	_____

Registered Owner: CEDE & Co.

Principal Sum: _____ DOLLARS

Connecticut Municipal Electric Energy Cooperative, a public body corporate and politic created and existing under the laws of the State of Connecticut (CMEEC), acknowledges itself indebted to, and for value received hereby promises to pay to, the Owner stated hereon or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the corporate trust office of U. S. Bank National Association. in Hartford, Connecticut (such bank and any successors thereto being herein called the “Trustee”), the Principal Sum stated hereon in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on January 1 and July 1 in each year, commencing July 1, 2012, until CMEEC’s obligation with respect to the payment of such Principal Sum shall be discharged to the Owner hereof, interest from the Dated Date hereof or from the _____ 1, or _____ 1, as the case may be, next preceding the date of authentication to which interest has been paid or provided for unless such date of authentication is a date to which interest has been paid or provided for, in which case from such date or if such date of authentication is prior to the first interest payment date, in which case from the Dated Date, on such Principal Sum by check or draft of the Trustee mailed to such Owner who shall appear as of the fifteenth (15th) day of the month next preceding such interest payment date on the books of CMEEC maintained by the Trustee.

The terms and provisions of this bond and definitions of certain terms used herein may be continued on the reverse side of this bond and such continued terms and provisions and definitions shall for all purposes have the same effect as though fully set forth on the front of this bond.

This bond is one of a duly authorized series of bonds of CMEEC designated as its "Transmission Services Revenue Bonds, 2012 Series A (herein called the "2012 Series A Bonds"), in the aggregate principal amount of \$ _____, issued under and in full compliance with the Constitution and Statutes of the State of Connecticut, including particularly Title 7 of Chapter 101(9) of the General Statutes of the State of Connecticut, as amended and supplemented (herein called the "Act"), and under and pursuant to a resolution of CMEEC, adopted on March 22, 2012, entitled "Transmission Services Revenue Bond Resolution" (said Resolution herein called the "Resolution").

As provided in the Resolution, the 2012 Series A Bonds, and all other bonds hereafter issued under the Resolution on a parity with the 2012 Series A Bonds (herein collectively called the "bonds") are direct and special obligations of CMEEC payable solely from and secured as to payment of the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by Pledged Property (as defined in the Resolution), subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Copies of the Resolution are on file at the office of CMEEC and at the principal corporate trust office of the Trustee, and reference to the Resolution and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledge and assignment and covenants securing the bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the owners of the bonds with respect thereto, the terms and conditions upon which the bonds are issued and may be issued thereunder, the terms and provisions upon which this bond shall cease to be entitled to any lien, benefit or security under the Resolution and all covenants, agreements and obligations of CMEEC under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this bond if moneys or certain specified securities shall have been deposited with the Trustee, and for the other terms and provisions thereof.

As provided in the Resolution, bonds may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of bonds which may be issued under the Resolution is not limited except as provided in the Resolution, and all bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and assignment and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by CMEEC, with the written consent of the owners of at least a majority in principal amount of the bonds then outstanding under the Resolution, and, in case less than all of the series of bonds would be affected thereby, with such consent of at least a majority in principal amount of the bonds of each series so affected then outstanding under the Resolution;

provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any bonds of any specified like Series Bond maturity remain outstanding under the Resolution, the consent of the owners of such bonds shall not be required and such bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding bonds. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any outstanding bond or of any installment of interest thereon or a reduction in the principal amount or redemption price thereof or in the rate of interest thereon without the consent of the owner of such bond, or shall reduce the percentages or otherwise affect the classes of bonds the consent of the owners of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Fiduciary without its prior written assent thereto.

This bond is transferable, as provided in the Resolution, only upon the books of CMEEC kept for that purpose at the above-mentioned office of the Trustee, as Bond Registrar, by the Owner hereof in person, or by his duly authorized attorney, upon surrender of this bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Owner or his duly authorized attorney, and thereupon a new fully registered bond or bonds and in the same aggregate principal amounts, shall be issued to the transferee in exchange therefor as provided in the Resolution, and upon payment of the charges therein prescribed. CMEEC and the Trustee may deem and treat the Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes.

The 2012 Series A Bonds maturing on and after January 1, 20__ are subject to redemption prior to maturity, upon notice as hereinafter provided, as a whole, or in part in the manner determined by the District, at any time on or after January 1, 20__ at a redemption price equal to the principal amount of the 2012 Series A Bond to be redeemed, together with accrued interest to the redemption date.

If less than all of the 2012 Series A Bonds of like maturity are to be redeemed, the particular 2012 Series A Bonds or portions of 2012 Series A Bonds to be redeemed shall be selected at random in such manner as the Trustee in its discretion may deem fair and appropriate.

The 2012 Series A Bonds are subject to redemption prior to maturity, (i) by operation of the Debt Service Fund established under the Resolution to satisfy sinking fund installments, on any interest payment date on and after _____ 1, _____, at the principal amount thereof together with accrued interest to the redemption date, and (ii) otherwise, as a whole at any time, or in part on any interest payment date, in inverse order of maturities, on or after _____ 1, _____, at the respective redemption prices (expressed as percentages of the principal amount of the bonds or portions thereof to be redeemed) set forth below, in each case together with accrued interest to the redemption date:

Period During Which Redeemed (both dates inclusive)	Redemption Prices
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If less than all bonds of like maturity are to be redeemed, the particular bonds to be redeemed shall be selected by the Trustee.

The 2012 Series A Bonds are payable upon redemption at the above-mentioned office of the Trustee. Notice of redemption, setting forth the place of payment, shall be mailed, postage prepaid not less than 15 days prior to the redemption date, to the Owner of any bond or portion of bond to be redeemed at their last address, if any, appearing upon the Bond Register (as defined in the Resolution) and any notice which is mailed in such manner shall be conclusively presumed to have been duly given, whether or not the Owner or Owners receive such notice. If notice of redemption shall have been given as aforesaid, the bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the bonds and portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such bonds or portions thereof so called for redemption shall cease to accrue and be payable.

The principal of, and premium, if any, and interest on this Bond are payable from the Pledged Property and neither the State of Connecticut nor any political subdivision thereof nor any member participating in establishing CMEEC nor other participant is obligated to pay such principal or redemption price or interest and neither the faith or credit nor taxing power of said State or any political subdivision thereof nor any such member or other participant is pledged to the payment of the principal of or redemption price, if any, or the interest on this Bond.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this bond, exist, have happened and have been performed and that the series of bonds of which this is one, together with all other indebtedness of CMEEC, complies in all respects with the applicable laws of the State of Connecticut, including, particularly, the Act.

This bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE, has caused this bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman or Vice-Chairman, and its corporate seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date.

**CONNECTICUT MUNICIPAL ELECTRIC
ENERGY COOPERATIVE**

By _____
Chairman or Vice-Chairman

Attest:

Secretary or Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION ON ALL BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds delivered pursuant to the within-mentioned
Resolution.

U. S. Bank National Association, Trustee

By _____
Authorized Officer

1302. Effective Date. This Resolution shall take effect from and after the date of its adoption by CMEEC.