

being hereby declared that such amounts constitute a special fund for the payment of the Service Payments.

The Service Payments shall be abated during any period in which there is a material failure by the Authority to provide radio service from the Project to such Member. The amount of such abatement shall be determined by the Authority such that the resulting Service Payments represent fair consideration for the service provided by the portions of the Project not damaged or destroyed. Such abatement shall continue for the period commencing with such material damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such material damage, destruction or malfunction, this Operating Agreement shall continue in full force and effect and the Members waive any right to terminate this Operating Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of the Service Payments under this Section 3.04 to the extent that the proceeds of hazard insurance, business interruption insurance or amounts in the Replacement Fund are available to pay the Service Payments which would otherwise be abated under this Section, it being hereby declared that such proceeds and amounts constitute a special fund for the payment of the Member Payments.

In the event of any abatement pursuant to this Section, the Authority shall direct the Trustee to return any abated portion of the related Service Payments to such Members.

Section 3.05. Receipt and Deposit of Member Payments.

The Authority covenants and agrees that the Operating Payments, when and as received, will be received and held by or on behalf of the Authority in trust, and the Service Payments will be deposited with the Trustee in the Revenue Fund and will be accounted for through and held in trust in the Revenue Fund.

Section 3.06. Establishment and Use of Replacement Fund.

The Authority shall maintain and hold a separate fund to be known as the "Replacement Fund." The Authority shall deposit Revenues remaining after paying debt service on the Bonds and replenishing the Reserve Fund, and Operating Payments remaining after payment of all Operating Costs for the Fiscal Year, in the Replacement Fund until the amount on deposit therein is at least equal to an amount reasonably determined by the Authority to be sufficient for such fund, and thereafter such amounts as the Authority shall determine from time to time. **The Authority may withdraw amounts from the Replacement Fund for use in repairing, improving or replacing the Project or any component thereof;** provided, that in the event any Service Payment is abated as provided herein, amounts on deposit in the Replacement Fund shall only be used for transfer to the Trustee in an amount equal to such abated Service Payments, until such time as the abatement is discontinued.