

Resolution No. 16-9

VIRGINIA PORT AUTHORITY

**RESOLUTION
AUTHORIZING THE ISSUANCE OF
PORT FACILITIES REVENUE REFUNDING BONDS
AND OTHER OBLIGATIONS FOR THE PURPOSE OF REFUNDING PRIOR BONDS,
TERMINATING CERTAIN EQUIPMENT LEASES, PAYING THE COST OF THE
ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND CONTROL OF PORT
FACILITIES AND EFFECTING A LEGAL DEFEASANCE OF RESOLUTION 97-5**

Adopted September 21, 2016

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Resolution No. 16-9

A RESOLUTION AUTHORIZING THE ISSUANCE OF PORT FACILITIES REVENUE REFUNDING BONDS AND OTHER OBLIGATIONS OF THE VIRGINIA PORT AUTHORITY FOR THE PURPOSE OF REFUNDING PRIOR OUTSTANDING BONDS, TERMINATING CERTAIN EQUIPMENT LEASES, PAYING THE COST OF THE ACQUISITION, CONSTRUCTION, RECONSTRUCTION AND CONTROL OF PORT FACILITIES AND EFFECTING A LEGAL DEFEASANCE OF RESOLUTION 97-5

WHEREAS, by Sections 62.1-128 to 62.1-147.2, inclusive, of the Code of Virginia, as amended (herein sometimes called the “Act”), the Virginia Port Authority (the “Authority”) has been duly created a body corporate of the Commonwealth of Virginia (the “Commonwealth”) and the Board of Commissioners of the Virginia Port Authority (the “Board”), has been designated the governing body of the Authority and has been empowered to exercise all the powers, rights and duties conferred by the Act and other provisions of law upon the Authority; and

WHEREAS, by virtue of the Act, the Authority in order to carry out the purposes of the Act but without pledging the faith and credit of the Commonwealth and in addition to other powers granted to it by the Act,

1. is vested with the powers of a body corporate, including the power to sue and to be sued and to make contracts;
2. is authorized to acquire, construct, maintain, equip and operate marine terminals, port facilities, wharves, docks, ships, piers, quays, elevators, compressors, refrigeration storage plants, warehouses and other structures, necessary for the convenient use of the same in the aid of commerce;
3. is authorized to undertake or make arrangements for the dredging of approaches to each facility and the construction of shipping and transportation facilities incident thereto;
4. is authorized to issue revenue bonds and refunding bonds for the aforesaid purposes;
5. is authorized to rent, lease, buy, own, acquire, construct, reconstruct, and dispose of Port Facilities, herein defined, and such property, real or personal, as the Authority finds necessary or convenient and to issue revenue bonds therefor without pledging the faith and credit of the Commonwealth; and to lease to another such part or all of its property, real or personal, for such period and upon such terms and conditions as the Authority may determine;

6. is authorized to fix and revise charges for the use of the Port Facilities under its control and the different parts or sections thereof, and to contract with any person, partnership, association or corporation desiring the use of any part thereof, and to fix the terms, conditions, rents and rates of charges for such use; and

7. shall have such other powers as may be granted by the General Assembly of the Commonwealth from time to time, whether or not under the Act; and

WHEREAS, the primary Port Facilities currently owned or leased by the Authority include the Norfolk International Terminals (“NIT”), marine terminals located on the south side of the harbor at the mouth of the Elizabeth River; the Newport News Marine Terminal (“NNMT”), a marine terminal located on the north side of the Harbor at the mouth of the James River; the Portsmouth Marine Terminal (“PMT”), a marine terminal located on the Elizabeth River on the south side of the Harbor; the Virginia International Gateway Terminal (“VIGT”) located on the Elizabeth River on the south side of the harbor and currently owned by Virginia International Gateway, Inc., a Virginia corporation; the Richmond Marine Terminal (“RMT”) located on the James River in the City of Richmond, Virginia and currently owned by the City of Richmond, Virginia; and the Virginia Inland Port (“VIP”), an intermodal container transfer facility located in Warren County; and

WHEREAS, Virginia International Terminals, LLC, a Virginia limited liability company, the sole member of which is the Authority, currently operates the Port Facilities, with the exception of RMT, the operation of which by VIT will commence in October, 2016; and

WHEREAS, VIT is currently obligated, and the Authority will covenant that it will cause VIT to continue to be obligated, subject to certain exceptions, to make certain payments to the Authority from income derived by VIT, and any of its Subsidiaries, herein defined, in existence from time to time from the operation by VIT or its Subsidiaries of the Port Facilities or any part thereof; and

WHEREAS, the Authority holds a leasehold interest in VIGT pursuant to an existing Deed of Facilities Lease Agreement, dated as of July 6, 2010 (the “Original Lease”), by and between the Authority and VIG, which Original Lease expires on June 30, 2030; and

WHEREAS, the Authority and VIG wish to extend the term of the Original Lease and make provisions for the expansion of VIGT by amending and restating the Original Lease pursuant to an Amended and Restated Deed of Facilities Lease Agreement, to be executed on or about September 21, 2016 (as may be supplemented and amended from time to time, the “Senior Lease”), the rent payable on which will be secured by a lien on and be payable from specific revenues of the Authority, which rent shall have a claim prior to and superior to that of the bonds and other obligations authorized hereunder upon certain specified revenues of the Authority as and to the extent set forth herein, and such bonds and other obligations will be issued hereunder subject and subordinate to the Senior Lease; and

WHEREAS, the Authority and VIG wish to finance certain short lived assets to be used at VIGT by the execution and delivery of an Installment Sales Contract, by and between the Authority and VIG, to be dated of even date with the Senior Lease (the “Senior Installment Sales

Contract”), under which the installment payments by the Authority to VIG will be secured by a lien on and be payable from specific revenues of the Authority, which installment payments shall have a claim prior to and superior to that of the bonds and other obligations authorized hereunder upon certain specified revenues of the Authority as and to the extent set forth herein, and such bonds and other obligations will be issued hereunder subject and subordinate to the Senior Installment Sales Contract; and

WHEREAS, the Authority and VIG wish to make certain financial arrangements to provide for the expansion of VIGT by the execution and delivery of a Construction Authority Agreement, by and between the Authority and VIG, to be dated of even date with the Senior Lease (the “Senior Construction Authority Agreement”), under which the construction payments by the Authority to VIG will be secured by a lien on and be payable from specific revenues of the Authority, which construction payments shall have a claim prior to and superior to that of the bonds and other obligations authorized hereunder upon certain specified revenues of the Authority as and to the extent set forth herein, and such bonds and other obligations will be issued hereunder subject and subordinate to the Senior Construction Authority Agreement; and

WHEREAS, the Authority has issued under Resolution No. 02-4, as supplemented and amended (the “CPF Resolution”), revenue bonds to finance the cost of certain Port Facilities, and there are now outstanding multiple series of its revenue bonds payable primarily from certain incremental excise taxes allocated by the General Assembly of the Commonwealth to the Commonwealth Port Fund within the Commonwealth’s Transportation Trust Fund, and such revenue bonds have no lien on the revenues derived by the Authority from the operation of its Port Facilities; and

WHEREAS, the Authority has issued, and there are currently outstanding in the aggregate principal amount of \$245,505,000, multiple series of its Port Facilities Revenue Refunding Bonds (collectively, the “Outstanding Bonds”) issued under its Resolution No. 97-5, as supplemented and amended (the “1997 Resolution”); and

WHEREAS, the Authority has issued, and there are currently outstanding in the aggregate principal amount of \$14,158,674.96 of its Master Equipment Leases (collectively, the “Outstanding Equipment Leases”) issued under the 1997 Resolution; and

WHEREAS, the Authority has determined that it is necessary and desirable to legally defease the Outstanding Bonds and to terminate the Outstanding Equipment Leases so that upon the defeasance of the Outstanding Bonds and the termination of the Outstanding Equipment Leases, the 1997 Resolution may be legally defeased, rescinded and terminated by its terms; and

WHEREAS, the Authority has determined that it is necessary and desirable to obtain a long-term leasehold interest in VIGT by executing and delivering the Senior Lease, to obtain financing of various short lived assets by executing and delivering the Senior Installment Sales Contract and to obtain construction financing of the expansion of VIGT by executing and delivering the Senior Construction Authority Agreement, and to induce VIG to enter into the Senior Lease, the Senior Installment Sales Contract and the Senior Construction Authority Agreement, the Authority has committed to legally defease and rescind the 1997 Resolution and terminate the lien thereof on certain revenues of the Authority; and

WHEREAS, the Authority has determined to refund and defease the Outstanding Bonds and terminate the Outstanding Equipment Leases to the extent possible from unencumbered cash and investments on hand together with a portion of the proceeds of the Authority's port facilities revenue refunding bonds as described in the next succeeding paragraph; and

WHEREAS, the Authority has determined to authorize the issuance hereunder of its port facilities revenue refunding bonds, to which only the revenues of Port Facilities are pledged, such pledge being subordinate and inferior in right to the pledge of revenues of Port Facilities granted to VIG under the Senior Lease, under the Senior Installment Sales Contract and under the Senior Construction Authority Agreement, without limitation as to amount, except as otherwise expressly provided herein, for the purposes of (i) refunding and defeasing the Outstanding Bonds not defeased from unencumbered cash and investments on hand, (ii) terminating the Outstanding Equipment Leases not retired or terminated from unencumbered cash and investments on hand; (iii) funding debt service reserve accounts and (iv) paying the "cost" of issuance of such port facilities revenue refunding bonds; and

WHEREAS, the Authority has determined to authorize in the future, from time to time, in the discretion of the Authority's Board of Commissioners, the issuance of additional bonds, refunding bonds and other obligations to pay the "cost" (as defined in the Act) of the acquisition, construction, reconstruction, maintenance, equipping and control of Port Facilities (the "Projects") and for the other purposes authorized hereby, all as more specifically provided in the series resolutions providing for the issuance of such bonds, refunding bonds and other obligations; and

WHEREAS, the Authority has found and determined that the objectives of the Act will be attained and the interest of the general public will be served through the providing of Projects and the issuance of its revenue bonds (with the meaning of Section 62.1-140.A. of the Act) and contracting and incurring other obligations and indebtedness for the purpose of paying, with other funds that shall be available therefor, the cost of Projects and for the further purposes of refunding and retiring outstanding revenue bonds of the Authority and other obligations and indebtedness of the Authority on the terms and conditions set forth herein and in resolutions supplemental hereto and permitted hereby.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF VIRGINIA PORT AUTHORITY AS FOLLOWS:

ARTICLE I. Definitions

Section 101. Meaning of Words and Terms. In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

"Accountant" shall mean, in the case of the Authority, the Auditor of Public Accounts or the firm of independent public accountants at the time employed or caused to be employed under the provisions of Section 713 of this Resolution to perform and carry out the functions of the

Accountant for the Authority under this Resolution and, in the case of the Port Operators, the firm of independent public accountants at the time employed or cause to be employed under the provisions of Section 718(c) of this Resolution to perform and carry out the functions of the Accountant for the Port Operators under this Resolution.

“Accreted Amount” shall mean with respect to Capital Appreciation Bonds of any Series, the amount set forth in a Series Resolution as the amount representing the initial public offering price, plus the accumulated and compounded interest on such Capital Appreciation Bonds.

“Act” shall have the meaning set forth in the Recitals.

“Adjusted Net Revenue” shall mean for any period of time, the Net Revenue of the Authority increased by the amount of those items that are included in “Current Expenses” and “Aggregate Principal and Interest Requirements” and are paid or budgeted to be paid by the Authority from sources, such as the Commonwealth Port Fund or Commonwealth general funds, other than Gross Revenues.

“Agency Obligations” shall mean obligations of or guaranteed by the Federal National Mortgage Association, the Federal Intermediate Credit Banks, Federal Banks for Cooperatives, Federal Land Banks, Federal Housing Administration, Federal Home Loan Banks, Government National Mortgage Association, Federal Home Loan Corporation, United States Maritime Administration, Export-Import Bank of the United States, United States Postal Service, Resolution Funding Corporation or any other agency or corporation approved in writing, if necessary, by any insurer of any Series of Bonds, which is or may hereafter be created by or pursuant to an Act of the Congress of the United States as an agency or instrumentality thereof.

“Aggregate Adjusted Net Revenue” shall mean for any period of time, the sum of (i) Adjusted Net Revenue, (ii) twenty-five percent (25%) of the amount of cash and Investment Obligations in the Revenue Stabilization Fund, if in existence, and (iii) the Port Operator Capital Expenditures.

“Aggregate Net Revenue” shall mean for any period of time, the sum of (i) Net Revenue, (ii) twenty-five percent (25%) of the amount of cash and Investment Obligations in the Revenue Stabilization Fund, if in existence, and (iii) the Port Operator Capital Expenditures.

“Aggregate Principal and Interest Requirements” for any Bond Year, shall mean the sum of (i) Principal and Interest Requirements for such year and (ii) the Senior Obligations for such year.

“Amortization Requirements” for the Term Bonds, if any, of each Series for any Bond Year shall be the respective principal amounts of such Bonds to be redeemed by mandatory sinking fund redemption, or otherwise retired, on the date or dates in such Bond Year or the next succeeding Bond Year, as the case may be, as fixed in the applicable Series Resolution. The aggregate amount of such Amortization Requirements for the Term Bonds of each Series shall be equal to the aggregate principal amount of Term Bonds of such Series. The Amortization Requirements for the Term Bonds of each Series shall begin in the Bond Year determined by the Board and shall end in the Bond Year of the maturity of such Term Bonds (the Amortization Requirement for such Bond Year being the amount payable at maturity).

If at the close of any Bond Year the total principal amount of Term Bonds of any Series maturing on the same date retired either by purchase or mandatory sinking fund redemption (or called for redemption under the provisions of this Resolution prior to the close of such Bond Year) shall be less than the Amortization Requirements for such Bond Year, then the Amortization Requirements for such Bonds in the ensuing Bond Year shall be increased by the amount of such deficiency.

If at the close of any Bond Year the total principal amount of the Term Bonds of any Series and maturing on the same date retired either by purchase or optional redemption, shall be in excess of the total amount of the Amortization Requirements for the Term Bonds of such Series and maturity to and including such Principal Payment Date, then the total amount of the Amortization Requirements for the Term Bonds of such Series and maturity for all subsequent Principal Payment Dates shall, to the extent hereinafter provided, be reduced by the amount of such excess in such order and in such manner as the Authority shall determine.

“Annual Budget” shall mean the budget (i) for the Authority for a Fiscal Year adopted by the Authority, as the same may be amended from time to time, in accordance with the provisions of Section 502 of this Resolution and (ii) for a Port Operator and its Subsidiaries for a Fiscal Year adopted by a Port Operator and approved by the Authority, as the same may be amended from time to time, in accordance with the provisions of Section 718(a) of this Resolution.

“Applicable Principal Payment Date” shall mean the date so designated and described within the definition of “Principal Requirement”, hereinafter set forth.

“Balloon Long-Term Indebtedness” shall mean Long-Term Indebtedness twenty-five percent (25%) or more of the principal of which matures on the same date, which portion of the principal is not required by the documents governing such Indebtedness to be subject to Amortization Requirements or otherwise to be amortized by redemption prior to such date, provided, however, Balloon Long-Term Indebtedness shall not include Interim Indebtedness.

“Board” has the meaning set forth in the Recitals.

“Bond Counsel” shall mean a firm of attorneys nationally recognized as expert in the law of public finance and selected by the Authority.

“Bond Insurance Policy” shall mean a municipal bond new issue insurance policy issued by the Insurer and guaranteeing the payment of principal of and interest on a Series of Bonds or certain maturities thereof as may be provided in a Series Resolution.

“Bond Registrar” shall mean the person appointed by the Series Resolution and at the time serving as the Bond Registrar pursuant to Article II hereof, for a particular Series of Bonds, whether the original or a successor bond registrar performing the functions of bond registrar under the provisions of this Resolution.

“Bonds” shall mean the revenue refunding bonds and revenue bonds issuable by the Authority under Sections 208, 209 and 210 of this Resolution. “2016 Bonds”, “Additional

Bonds” and “Refunding Bonds” shall mean the Bonds authorized pursuant to Sections 208, 209 and 210, respectively.

“Bond Year” shall mean the period commencing on the first day of July of any calendar year and ending on the 30th day of June of the following calendar year.

“Business Day” shall mean any day other than a Saturday or Sunday, on which commercial banks (including the Trustee, any Depository, the Bond Registrar, any Paying Agent and any Credit Bank or Insurer) are open for business in the Commonwealth and in New York, New York and on which the New York Stock Exchange is open.

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

“Closing” shall mean the date on which the Bonds are delivered against payment therefor.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Commonwealth” shall mean the Commonwealth of Virginia.

“Completion Date” shall mean as to each Project the date of completion thereof as such date shall be certified pursuant to Section 406 of this Resolution.

“Construction Fund” shall mean the Virginia Port Authority Port Facilities Revenue Bond Construction Fund created and so designated by Section 401 of this Resolution.

“Cost”, as applied to any Project, shall have the meaning set forth in Section 403 of this Resolution.

“Credit Bank” shall mean, as to any particular Series of Bonds, the person (other than an Insurer) providing a Credit Facility, as designated in the Series Resolution providing for the issuance of such series of Bonds or other Supplemental Resolution.

“Credit Facility” shall mean as to any particular Series of Bonds, a letter of credit, a line of credit, a guaranty, standby bond purchase agreement or other credit- or liquidity-enhancement facility (other than a Bond Insurance Policy), as described in the Series Resolution providing for the issuance of such series of Bonds or other Supplemental Resolution.

“Crossover Date” shall mean, with respect to Crossover Refunding Bonds, the date specified in or determined in accordance with the provisions of the Series Resolution authorizing such Bonds on which Bonds or other Indebtedness to be refunded in whole or in part with the proceeds of such Crossover Refunding Bonds are to be paid at maturity or redeemed (or provision made for such payment or redemption).

“Crossover Refunding Bonds” shall mean Bonds, as determined in the Series Resolution authorizing such Bonds, the proceeds of which will be used on the Crossover Date to pay at maturity or redeem or to provide for such payment or redemption any Bonds to be so paid or refunded.

“Current Expenses” shall mean the reasonable and necessary current expenses of maintenance, repair and operation of the Port Facilities and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, rental payments pursuant to contracts not required to be capitalized under generally accepted accounting principles, premiums for insurance, fees or premiums for a Credit Facility (but not including any amounts payable as interest, whether or not characterized as a fee or premium, on draws, advances or loans), all administrative and engineering expenses relating to maintenance, repair and operation of Port Facilities, fees and expenses of depositaries, legal expenses, any taxes or service charges lawfully levied on the Port Facilities, any reasonable payments to pension, retirement, vacation, holiday, dues or other benefits required by virtue of contracts or other agreements with employees or executives, and any other expenses required or permitted to be paid under the provisions of the Senior Documents, or required by law, but shall not include any reserves for maintenance or repair, or any allowance for depreciation or amortization, or any deposits or transfers to the credit of the Senior Obligations Fund, the Debt Service Fund, the Revenue Stabilization Fund, if in existence, or the Subordinate Obligations Fund, if any, required by this Resolution. Except as specifically mentioned above, Current Expenses of the Authority shall not include any impost, fee, transfer, payment in lieu of taxes or other exaction or contractual obligation payable, directly or indirectly, to or for the account of any public body, whether payable pursuant to law, agreement or otherwise; provided, however, that any such items not payable as Current Expenses may be paid from the Residual Fund.

“Current Interest Bonds” shall mean Bonds the interest on which is payable on the Interest Payment Dates provided therefor in a Series Resolution which Resolution may also provide that Bonds initially issued as Capital Appreciation Bonds may become Current Interest Bonds on the date specified therein.

“Debt Service Account” shall mean the account in the Debt Service Fund created and so designated by Section 506 of this Resolution.

“Debt Service Fund” shall mean the Virginia Port Authority Port Facilities Revenue Bonds Debt Service Fund created and so designated by Section 506 of this Resolution.

“Debt Service Reserve Account” (or “Reserve Account”) shall mean any account so designated in the Debt Service Fund pursuant to a Series Resolution and intended to provide a reserve for the payment of principal and interest on Bonds of a Series Outstanding issued pursuant to this Resolution and to provide for the redemption of such Series of Outstanding Bonds prior to its stated maturity as provided in Section 506 hereof.

“Defaulted Interest” shall mean Defaulted Interest as defined in Section 203 of this Resolution.

“Defeased Municipal Obligations” shall mean obligations of any state or territory of the United States or any political subdivision thereof which obligations are rated in the highest rating category by the Rating Services and which obligations meet the following requirements: (i) the obligations are not subject to redemption or the trustee thereof has been given irrevocable instructions to call such obligations for redemption and the issuer has covenanted not to redeem such obligations other than as set forth in such instructions; (ii) the obligations are secured by cash or Government Obligations (which are not subject to redemption other than at the option of the holder thereof) that may be applied only to interest, principal, and premium payments of such obligations; (iii) the principal of and interest on the Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations; (iv) the Government Obligations serving as security for such obligations are held by an escrow deposit agent or trustee; and (v) the Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow deposit agent.

“Defeasance Obligations” shall mean (i) Government Obligations which are not subject to redemption other than at the option of the holder thereof and (ii) if and to the extent permitted by law, Defeased Municipal Obligations.

“Deposit Day” shall mean, unless otherwise provided by a Series Resolution, a Business Day on or after the 20th day and on or before the 25th day of each month following the delivery of the 2016 Bonds.

“Depositary” shall mean the Treasurer of the Commonwealth, the Trustee and the one or more banks or trust companies, including the Bond Registrar, authorized under the laws of the United States of America or the Commonwealth, to engage in banking business within the Commonwealth, meeting the definition of a “qualified public depository” under Chapter 44, Title 2.2, Code of Virginia 1950, as amended (or any successor act), and designated by the Authority as a depositary of money under the provisions of Section 916 of this Resolution.

“Derivative Agreement” shall mean, without limitation, (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, commodity swap agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk; and (v) any other type of contract or arrangement that the Authority determines is to be used, or is intended to be used, to manage or reduce the cost of Indebtedness, to convert any element of Indebtedness from one form to another, to maximize or increase investment return, to minimize investment return risk or to protect against any type of financial risk or uncertainty.

“Derivative Indebtedness” shall mean Indebtedness or any portion thereof with respect to which the Authority shall have entered into a Derivative Agreement. Derivative Indebtedness shall be subject to the provisions of Section 513.

“Derivative Period” shall mean the period during which a Derivative Agreement is in effect.

“Engineer” shall mean the engineer or engineering firm at the time employed by the Authority under the provisions of Section 705 of this Resolution to perform and carry out the duties imposed on the Engineer by this Resolution.

“Event of Default” shall mean with respect to this Resolution each of those events set forth in Section 801 of this Resolution.

“Fiscal Year” shall mean the twelve month period beginning on July 1 of one calendar year and ending on June 30 of the next succeeding calendar year or such other twelve month period established by or for the Authority from time to time as its fiscal year.

“Government Obligations” shall mean (i) direct obligations of the United States of America, (ii) obligations the payment on which is fully and unconditionally guaranteed by the United States of America including, but not limited to, stripped interest components of obligations issued by the Resolution Funding Corporation (REFCORP) and non-callable, non-prepayable debt obligations of the United States Agency for International Development (US AID), which pay principal and interest at least three (3) business days prior to any respective escrow requirement dates, or (iii) non-callable, senior debt obligations of any agency or instrumentality of the United States of America created by an act of congress including, but not limited to, the Federal Home Loan Banks, Freddie Mac, Federal Farm Credit Banks Funding Corporation, and Fannie Mae.

“Governmental Restrictions” shall mean federal, Commonwealth or other applicable governmental laws or regulations affecting the Authority or its Port Operators and the Port Facilities, which place restrictions and limitations on the (i) fees, tariffs and charges to be fixed, charged and collected or revenues to be earned by the Authority or its Port Operators or (ii) timing of the receipt of such revenues.

“Gross Revenues” shall mean for any period all revenues, including receipts, proceeds, income and other money, received by the Authority or by any Port Operator and paid to the Authority pursuant to Port Operator Agreements during such period from the ownership, leasing or operation of, or in connection with, the Port Facilities, or any part thereof, including, among others, revenues derived from services rendered by, or any use or occupancy of, the Port Facilities or any part thereof, or revenues derived from rents, leases, subleases, contracts, concessions, accounts receivable, insurance and other sources, proceeds derived from the sale of any interest in any property constituting a part of the Port Facilities, proceeds derived from condemnation awards and insurance, grants, appropriations and other receipts, including the income and profits therefrom, in each case lawfully available for the payment of the costs of operation, maintenance, repair or management of the Port Facilities, the payment of Senior Obligations, the payment of the principal of and redemption premium, if any, and interest on any Bonds and Parity Indebtedness and the funding of all required reserves, but excluding certain income as described below. Gross Revenues do not include the amount of any appropriation by the General Assembly from the Transportation Trust Fund, the Commonwealth Port Fund, the Commonwealth’s General Fund or other funding sources of the Commonwealth, or the investment income thereon receivable by the Authority, which are not derived from the

Authority's, the Port Operator's or any Subsidiaries' operating revenues. Gross Revenues shall include other investment income received and receivable by the Authority, any Port Operator and any Subsidiaries and the income from the investment of Liquidity Reserve Requirements held in operating accounts. For purposes of this Resolution, Gross Revenues derived from or in respect of Port Facilities financed with Special Obligations constituting Conduit Indebtedness shall include only the excess funds available for transfer to the Operating Account after satisfaction of the requirements of the Special Obligations constituting Conduit Indebtedness in accordance with instruments securing such obligations.

“Guaranties” means all obligations of the Authority guaranteeing in any manner, whether directly or indirectly, any obligations of any other person which obligation would, if it were the obligation of the Authority constitute Long-Term Indebtedness hereunder.

“Holder” means a person in whose name a Bond (or one or more predecessor Bonds) is registered in the registration books provided for in Section 206 of this Resolution or who holds Parity Indebtedness.

“Indebtedness” means all obligations for borrowed money, installment sales and capitalized lease obligations, including Bonds, Parity Indebtedness, Guaranties, Long-Term Indebtedness, Interim Indebtedness, Short-Term Indebtedness, Derivative Indebtedness, or any other obligation for payments of principal and interest with respect to money borrowed, except (i) Senior Obligations, (ii) Subordinate Obligations, (iii) Special Obligations, (iv) obligations of the Authority to a Port Operator or its Subsidiaries, (v) obligations of a Port Operator or its Subsidiaries to the Authority, (vi) reimbursement obligations of a Port Operator or its Subsidiaries to an issuer of an Eligible Credit Facility, as that term is defined in Section 718(d) of this Resolution, (vii) lease obligations of Lessee, a Port Operator and its Subsidiaries for the acquisition of equipment pursuant to the Annual Budget; provided such lease obligations do not exceed six percent (6%) of budgeted Current Expenses of Lessee, such Port Operator and its Subsidiaries in any Fiscal Year, with the exception of chassis leases of HRCP II, L.L.C., a Virginia limited liability company, the sole member of which is VIT, which shall be unlimited.

“Insurer” shall mean, as to any particular maturity or any particular Series of Bonds, the person undertaking to insure pursuant to a Bond Insurance Policy such Bonds as may be designated in a Series Resolution providing for the issuance of such Bonds.

“Interest Payment Date” shall mean, except as otherwise provided by an applicable Series Resolution, January 1 and July 1, as the case may be.

“Interest Requirement” for any Fiscal Year or any other period, as the context may require, as applied to Bonds of any Series and Parity Indebtedness then Outstanding, shall mean the total of the sums that would be deemed to accrue on such Bonds and Parity Indebtedness during such Fiscal Year or such other period if the interest on the Current Interest Bonds of such Series and Parity Indebtedness were deemed to accrue daily during such year or period in equal amounts, employing (i) for purposes of the tests set forth in Sections 209(1) and (II), 210(II)(B) and 720 the methods of calculation set forth in clauses (A), (B) and (C) of Section 209 hereof and (ii) for all other purposes the methods of calculation set forth in clauses (A) and (B) of Section 209, in the cases of Optional Tender Indebtedness and Variable Rate Indebtedness; provided, however, that interest expense shall be excluded from the determination of Interest

Requirement to the extent that such interest is to be paid from the proceeds of Bonds or other available moneys or from investment (but not reinvestment) earnings thereon if they shall have been invested in Investment Obligations and to the extent such earnings may be determined precisely. Unless the Authority shall otherwise provide in a Series Resolution, interest expense on Credit Facilities drawn upon to purchase but not to retire Bonds, except to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of Interest Requirement.

“Interim Indebtedness” means any Indebtedness issued in anticipation of any Series of Bonds or Parity Indebtedness, which Bonds or Parity Indebtedness have been previously authorized for issuance by the Authority.

“Investment Obligations” shall mean, subject to the provisions of any Supplemental Resolution, any investments which are at the time legal investments for public funds of the type to be invested under Virginia law, including without limitation the Investment of Public Funds Act, Chapter 45 of Title 2.2 of the Virginia Code or any successor provision of law and the Government Non-Arbitrage Investment Act, Chapter 47 of Title 2.2 of the Code of Virginia or any successor provision of law.

“Liquidity Reserve Requirement” shall mean a reasonable reserve to be maintained in the Operating Account, subject to the provisions of Section 504(a), for payment of Current Expenses by the Authority as established from time to time in the Authority’s Annual Budget, but not exceeding one-sixth ($1/6^{\text{th}}$) of the Authority’s budgeted Current Expenses for any Fiscal Year.

“Liquidity Reserve Requirement Shortfall” shall mean, for a Measurement Period, the amount by which the Authority’s Gross Revenues is less than Current Expenses plus any Liquidity Reserve Requirement Restoration Amount.

“Liquidity Reserve Requirement Restoration Amount” shall have the meaning given to that term in Section 504(a).

“Long-Term Indebtedness” shall mean all Indebtedness of the Authority or VIT (including any Guaranty by the Authority or VIT of any obligation of any person which is not an affiliate) for any of the following:

- (a) payments of principal and interest with respect to money borrowed for an original term, or renewable at the option of the borrower for a period from the date originally incurred, longer than one year;
- (b) payments under leases which are capitalized in accordance with generally accepted accounting principles having an original term, or renewable at the option of the lessee for a period from the date originally incurred, longer than one year; and
- (c) payments under installment purchase contracts having an original term in excess of one year.

“Management Consultant” shall mean the management consultant employed under the provisions of Section 706 of this Resolution.

“Measurement Period” shall mean the monthly period starting on the 1st day of each month and ending on the last day of the same month.

“Moody’s” means Moody’s Investors Service, Inc., and any successor in interest that is a nationally recognized rating agency.

“Net Revenue” means for any period Gross Revenues received by the Authority during such period, less (i) the Current Expenses of the Authority during such period, and less (ii) the Liquidity Reserve Requirement Restoration Amount, if any, for such period.

“Non-Scheduled Payments” means any payments under any Derivative Agreement that are not Regularly Scheduled Payments, including but not limited to any additional payments due to a Counterparty under the Derivative Agreement as a result of its early termination.

“Officer’s Certificate” shall mean a certificate signed by the Chairman of the Board or the Executive Director or the Chief Financial Officer of the Authority.

Each Officer’s Certificate presented under this Resolution shall state that it is being delivered pursuant to (and shall identify specifically the provision of) this Resolution and shall incorporate by reference and use in all appropriate instances all terms defined in this Resolution. Each Officer’s Certificate shall state (i) whether the terms thereof are in compliance with the requirements of the provision pursuant to which such Officer’s Certificate is delivered, or shall state in reasonable detail the nature of any non-compliance and the steps being taken to remedy such non-compliance, and (ii) that it is being delivered together with any opinions, schedules, statements or other documents required in connection therewith.

“Operating Account” shall mean the account referred to in Section 504(a) of this Resolution which account may be comprised of one or more accounts held by one or more Depositories.

“Opinion of Counsel” shall mean a written opinion of counsel who may (unless expressly otherwise provided in this Resolution) be counsel to the Authority.

“Optional Tender Indebtedness” shall mean any portion of Indebtedness incurred under this Resolution a feature of which is an option on the part of the holders of such Indebtedness to tender to the Authority or the Trustee or a Depositary, Paying Agent or other fiduciary for such holders, or an agent of any of the foregoing, all or a portion of such Indebtedness for payment.

“Outstanding” shall mean all Bonds which have been authenticated and delivered by the Bond Registrar under this Resolution, except:

- i. Bonds paid or redeemed or delivered to or acquired by the Trustee or the Bond Registrar for cancellation;

- ii. Bonds deemed to have been paid in accordance with Article XII of this Resolution; and
- iii. Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Resolution;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Authority or any other obligor upon the Bonds shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee, a Depository, the Paying Agent or the Bond Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee, a Depository, the Paying Agent or the Bond Registrar, as the case may be, knows to be so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee, a Depository, the Paying Agent or the Bond Registrar the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Authority or any other obligor upon the Bonds. Outstanding shall also include any unpaid Parity Indebtedness.

“Parity Indebtedness” means any Indebtedness incurred in accordance with the provisions of Section 720 hereof and payable on a parity with the Principal and Interest Requirements of Bonds. Parity Indebtedness does not include Bonds.

“Paying Agents” shall mean one or more of the banks or trust companies, the Trustee, the Bond Registrar, the Depository or the Treasurer of the Commonwealth as may be designated by the applicable Series Resolution, at which the principal of Bonds shall be payable.

“Payment Agreement” shall mean that certain Payment Agreement, dated as of the Closing, by and between the Authority and VIT and joined by HRCP II, L.L.C., a Virginia limited liability company, the sole member of which is VIT, as the same may be supplemented or amended.

“Person” shall include an association, unincorporated organization, a corporation, partnership, joint venture, business trust or a government or an agency or a political subdivision thereof, or any other entity.

“Port Facilities” shall mean and include the Projects, NIT, NNMT, PMT, VIGT, VIP and RMT (as such terms are defined in the preamble to this Resolution), harbors, seaports and other facilities and tangible real and personal properties, property rights and interests of the Authority, whether now existing or to be constructed, installed or acquired hereafter, except properties in which the Authority has a nonpossessory interest solely by virtue of its having financed the same with Special Obligations constituting Conduit Indebtedness.

“Port Operator” shall mean VIT or other Port Facilities operator, now existing or becoming such in the future, so long as VIT or such other Port Facilities operator is affiliated with and controlled by the Authority.

“Port Operator Agreements” shall mean, collectively, (i) the Payment Agreement and (ii) any other agreement made in the future between the Authority and any Port Operator and its Subsidiaries, during which time the Bonds or Parity Indebtedness are Outstanding or the Senior Documents are in effect, which amends, modifies or terminates the Payment Agreement or governs the operation of any of the Port Facilities and payments to the Authority as required by Section 718(a) of this Resolution.

“Port Operator Capital Expenditures” shall mean the reasonable and necessary current expenditures of extraordinary repair and maintenance, renewal, replacement, acquisition and construction of the Port Facilities incurred by a Port Operator or any Subsidiary which is required to be capitalized under generally accepted accounting principles; provided, however, that Port Operator Capital Expenditures in any Fiscal Year shall not exceed six percent (6%) of the amount equal to the Port Operator’s or its Subsidiaries’ then budgeted Current Expenses for such Fiscal Year less its then budgeted administrative and general expenses for such Fiscal Year.

“Predecessor Bonds” of any particular Bond shall mean every previous bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition, any Bond authenticated and delivered under Section 212 of this Resolution in lieu of a destroyed, stolen or lost Bond shall be deemed to evidence the same debt as the destroyed, stolen or lost Bond.

“Principal” shall mean (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except as used in this Resolution in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default, in which case “principal” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) but when used in connection with determining whether the owners of the requisite principal amount of Bonds then Outstanding have given any request, demand, authorization, direction, notice, consent or waiver or with respect to the Redemption Price of any Capital Appreciation Bond, “principal amount” means the Accreted Amount and (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

“Principal and Interest Requirements” for any Bond Year, as applied to the Bonds and Parity Indebtedness, shall mean the sum of the Principal Requirement and the Interest Requirement for such Year.

“Principal Payment Date” shall mean, except as otherwise provided in an applicable Series Resolution, a July 1 upon which the principal of any bond is stated to mature or upon which the principal of any term bond is subject to redemption in satisfaction of an Amortization Requirement; provided, however, that Principal Payment Date may mean, if so provided by a Supplemental Resolution, such other date or dates as may be provided thereby or permitted therein.

“Principal Requirement” for any Fiscal Year, as applied to the Bonds of any Series and Parity Indebtedness, shall mean, if and to the extent for such Series of Bonds and Parity

Indebtedness a Principal Payment Date or Dates shall occur on July 2 or thereafter during such Fiscal Year or on July 1 of the next succeeding Fiscal Year (each, an “Applicable Principal Payment Date”), an amount calculated beginning

(i) on the preceding Principal Payment Date, if any, that occurs one year or less before each Applicable Principal Payment Date, or

(ii) one year prior to each Applicable Principal Payment Date if there is no prior Principal Payment Date or if the preceding Principal Payment Date is more than one year prior to the Applicable Principal Payment Dates;

which amount shall equal the sums that would be deemed to accrue on such Bonds and Parity Indebtedness during such Fiscal Year if

(iii) the principal of the Current Interest Bonds of such Series and Parity Indebtedness scheduled to mature or be subject to an Amortization Requirement on or prior to the Applicable Principal Payment Date, and

(iv) the Accreted Amount of the Capital Appreciation Bonds of such Series scheduled to become due or be subject to an Amortization Requirement on or prior to the Applicable Principal Payment Date,

determined by employing the methods of calculation set forth in clauses (A) and (B) of Section 209 hereof in the cases of Balloon Long-Term Indebtedness and Optional Tender Indebtedness, were each deemed to accrue daily during such year in equal amounts to but not including the Applicable Principal Payment Date; provided, however, that an amount of principal shall be excluded from the determination of Principal Requirement to the extent that such amount is to be paid from the proceeds of Bonds or other available moneys or from the investment (but not reinvestment) earnings thereon if such proceeds or other moneys shall have been invested in Investment Obligations and to the extent such earnings may be determined precisely.

“Project” shall mean with respect to certain Port Facilities, the cost of the acquisition, construction, reconstruction, maintenance, equipping and control of which is to be paid from the proceeds of Bonds or Parity Indebtedness, a description of which is furnished by the Series Resolution providing for the issuance of such Bonds or Parity Indebtedness.

“Purchase Price” shall mean the purchase price established in any Supplemental Resolution for Optional Tender Indebtedness as the purchase price to be paid for such Bonds upon an optional or mandatory tender of all or a portion of such Bonds.

“Rating Services” shall mean the nationally recognized rating services, or any of them that shall have assigned ratings to any Bonds Outstanding as requested by or on behalf of the Authority, and which ratings are then currently in effect.

“Redemption Price” shall mean, with respect to Bonds or a portion thereof the principal amount of such Bonds or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with their terms and this Resolution.

“Regular Record Date” shall mean the 15th day of the month preceding any Interest Payment Date.

“Regularly Scheduled Payments” shall mean any payments scheduled (at the time such Derivative Agreement is executed) for payment on dates corresponding to interest payment dates with respect to the related Derivative Indebtedness and which are intended to be “interest-like” when the interest on the related Derivative Indebtedness and such payments are viewed together.

“Reserve Account Credit Facility” shall mean a letter of credit issued by a United States bank or financial institution or foreign bank or financial institution with a branch in the United States, in each case having a long-term senior rating of no less than “A-” from S&P and “A3” from Moody’s which meets the requirements of Section 508(d) hereof.

“Reserve Account Requirement” shall mean, as of any date of calculation, the debt service reserve account requirement, if any, established by a Series Resolution authorizing a Series of Bonds; provided, however, any such debt service reserve account requirement established for a Series of Bonds shall not exceed the maximum Principal and Interest Requirements in any future Bond Year for such Series of Bonds.

“Residual Fund” shall mean the Virginia Port Authority Port Facilities Revenue Bonds Residual Fund created and so designated by Section 512 of this Resolution.

“Resolution” shall mean this resolution authorizing the Bonds, adopted by the Authority on September 21, 2016, as the same shall be supplemented and amended as permitted hereby.

“Revenue Stabilization Fund” shall mean the Virginia Port Authority Series 2016 Bonds Revenue Stabilization Fund created and so designated by Section 509 of this Resolution.

“Revenue Stabilization Fund Cap” has the meaning set forth in Section 509.

“S&P” shall mean Standard & Poor’s Rating Services and any successor in interest that is a nationally recognized rating agency.

“Senior Construction Authority Agreement” has the meaning set forth in the Recitals.

“Senior Construction Payments” shall mean the Construction Payments, as that term is defined in the Senior Construction Authority Agreement, payable by the Authority to VIG under the Senior Construction Authority Agreement.

“Senior Documents” shall mean, collectively, the Senior Lease, the Senior Installment Sales Contract and the Senior Construction Authority Agreement.

“Senior Installment Payments” shall mean the Installment Payments, as that term is defined in the Senior Installment Sales Contract, payable by the Authority to VIG under the Senior Installment Sales Contract.

“Senior Installment Sales Contract” has the meaning set forth in the Recitals.

“Senior Lease” has the meaning set forth in the Recitals.

“Senior Obligations” shall mean, collectively, the Senior Rent, the Senior Installment Payments and the Senior Construction Payments.

“Senior Obligations Fund” shall mean the Virginia Port Authority Senior Obligations Fund created and so designated by Section 511 of this Resolution.

“Senior Rent” shall mean the Rent, as that term is defined in the Senior Lease, payable by the Authority to VIG under the Senior Lease.

“Serial Bonds” shall mean the Bonds of any Series which are stated to mature in consecutive annual installments and are so designated by the applicable Series Resolution.

“Series” shall mean the Bonds delivered at any one time issued under the provisions of this Resolution.

“Series Resolution” shall mean a resolution of the Authority, supplemental to this Resolution and in conformity with the provisions of Article XI hereof, providing for the issuance of a Series of the Bonds and setting forth the provisions and details thereof not inconsistent herewith. If the Board shall delegate to the Finance and Audit Committee of the Board or the Executive Director the power to determine specifically matters generally authorized by a Series Resolution of the Board, the resolution of the Finance and Audit Committee, or the certificate of the Executive Director, as the case may be, in furtherance of such Series Resolution shall be deemed to be part thereof.

“Short-Term Indebtedness” means Indebtedness having an original maturity less than or equal to one year and not renewable at the Authority’s option for a term greater than one year beyond the date originally incurred, provided that Short-Term Indebtedness shall constitute Subordinate Obligations for all purposes of this Resolution.

“Special Obligations” shall mean any Indebtedness the source of repayment and security for which is effectively limited to (1) the property, the purchase, acquisition or improvement of which was financed with the proceeds of such Special Obligations with no recourse, directly or indirectly, to any Gross Revenues of the Authority, the Port Operators or Subsidiaries or to any other property covered by the definition of “Port Facilities” (“Nonrecourse Indebtedness”) or (2) the promise of a non-governmental person other than the Authority, the Port Operators or Subsidiaries to make to or for the account of the Authority, the Port Operators or Subsidiaries payments sufficient to amortize and pay fully such Nonrecourse Indebtedness for which the Authority was a conduit issuer (“Conduit Indebtedness”). In addition, obligations contracted or incurred and bonds issued by the Authority that are payable solely from the Transportation Trust Fund, the Commonwealth Port Fund, the Commonwealth’s General Fund or other funding sources of the Commonwealth that are not derived from the Port Operator’s, any Subsidiaries’ or the Authority’s Gross Revenues, and that have no lien on Gross Revenues shall be deemed to be Special Obligations.

“Special Record Date” for the payment of any Defaulted Interest on Bonds means a date fixed by the Trustee pursuant to Section 203 of this Resolution.

“Subordinate Obligations” shall mean any Indebtedness (other than Bonds) incurred, issued and secured by or payable from Net Revenue credited to the Subordinate Obligations Fund or not otherwise paid or payable from the Operating Account, the Debt Service Account or the Debt Service Reserve, to the extent such Indebtedness is expressly subordinated in writing as to payment from Net Revenue as contemplated by Section 504(b).

“Subordinate Obligations Fund” shall mean the Virginia Port Authority Port Facilities Revenue Bonds Subordinate Obligations Fund created and so designated by Section 510 of this Resolution.

“Subsidiary” shall mean with respect to the Authority or a Port Operator, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by the Authority or a Port Operator (as applicable) or one or more of the other Subsidiaries of the Authority or the Port Operator (as applicable) or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by the Authority or the Port Operator (as applicable) or one or more Subsidiaries of the Authority or the Port Operator (as applicable) or a combination thereof and for this purpose, the Authority or the Port Operator (as applicable) owns a majority ownership interest in such a business entity (other than a corporation) if the Authority or the Port Operator (as applicable) or one or more Subsidiaries of the Authority or the Port Operator (as applicable) shall be allocated a majority of such business entity’s gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term “Subsidiary” shall include all Subsidiaries of such Subsidiary. Notwithstanding the foregoing, the term “Subsidiary” shall not apply to any of the foregoing which is not an operator of a Port Facility.

“Supplemental Resolution” shall mean a Series Resolution or any other resolution adopted by the Authority, supplemental to this Resolution and in conformity with the provisions of Article XI hereof, providing for the issuance of a Series of Bonds and setting forth the provisions and details thereof not inconsistent herewith.

“Term Bonds” shall mean the Bonds of any Series, other than Serial Bonds, stated to be payable by their terms on one date and so designated by the applicable Series Resolution.

“Trustee” shall mean the bank or trust company appointed and acting as such at the time under this Resolution, whether the original or a successor trustee.

“Variable Rate Indebtedness” shall mean any portion of Indebtedness the interest rate on which is not established at the time of incurrence at a single numerical rate for the entire term of the Indebtedness.

“VIG” shall mean Virginia International Gateway, Inc., a Virginia corporation, as Lessor under the Senior Lease, and holder of the Senior Installment Sales Contract and the Senior Construction Authority Agreement, and its successors and assigns.

“VIT” shall mean Virginia International Terminals, LLC, a Virginia limited liability company, which serves, or will serve, until removed pursuant to the terms of this Resolution, as the operator of the Port Facilities of the Authority, and its successors.

Section 102. Miscellaneous Definitions. (a) Unless the context otherwise indicates, words importing the singular shall include the plural and vice-versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine, or feminine gender.

(b) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purpose hereof or executed and delivered in accordance with or pursuant to this Resolution, the same shall be done in accordance with generally accepted accounting principles of such agreement, document or certificate; provided, however, whenever the context makes clear that the requirement is that cash, or its equivalent, be available to meet Indebtedness, computations regarding such requirement shall be computed on a cash and not on a generally accepted accounting basis.

(c) Headings of articles in sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(d) Provisions calling for the redemption of Indebtedness or the calling of Indebtedness for redemption do not mean or include the payment of Indebtedness at its stated maturity.

ARTICLE II.
Authorization, Form, Issuance, Delivery and Registration of Bonds

Section 201. Limitation on Issuance of Bonds. No Bonds or other Indebtedness may be issued under the provisions of this Resolution except in accordance with the provisions of this Article, but the aggregate principal amount thereof that may be issued is not hereby limited.

Section 202. Form of Bonds. The definitive Bonds are issuable in fully registered form in such minimum denomination as may be specified by the applicable Series Resolution and any whole multiple thereof. The definitive Bonds issued under the provisions of this Article shall be substantially in the form hereinafter set forth, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Resolution. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto.

[Form of Face of the Current Interest Bonds]

United States of America

Commonwealth of Virginia

VIRGINIA PORT AUTHORITY
 PORT FACILITIES REVENUE [REFUNDING] BONDS SERIES _____

No. _____ \$ _____

Interest Rate	Maturity Date	Dated Date	CUSIP
_____	_____	_____	_____

Registered Owner: _____

Principal Amount _____ Dollars

(i) Virginia Port Authority (the “Authority”), a body corporate of the Commonwealth of Virginia (the “Commonwealth”) duly created by the Act (hereinafter mentioned), for value received, promises to pay, but solely from the sources and in the manner hereinafter provided, to the Registered Owner hereof, or registered assigns or legal representative, on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the designated corporate trust office of _____, in the City of _____, _____ (the “Bond Registrar”), the Principal Amount set forth

above in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts, and to pay in like coin or currency interest on said Principal Amount on each January 1 and July 1, commencing _____, solely from such sources, from the date hereof or the January 1 or July 1 next preceding the date on which this Bond is authenticated unless it is authenticated on January 1 or July 1, in which event from such date, at the Interest Rate set forth above until the principal amount hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will, as provided in the Resolution hereinafter referred to, be paid by check mailed to the person in whose name this Bond (or one or more predecessor bonds, as defined in the Resolution) is registered at the close of business on the regular record date for such interest, which shall be the June 15 or December 15 (whether or not a business day) next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such regular record date, and may be paid to the person in whose name this Bond (or any predecessor bond) is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee hereinafter mentioned, notice whereof being given by the Trustee by mail to the registered owners not less than ten (10) days prior to such special record date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds of this series may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Resolution. Such payment of interest shall be by check mailed to the registered owner at his address as it appears on the bond registration books of the Authority maintained by the Bond Registrar and shall be made in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts.

(ii) This Bond is one of a duly authorized series of revenue bonds of the Authority, designated “Port Facilities Revenue [Refunding] Bonds, Series _____”, issued under Resolution No. 16-9 adopted by the Authority on September 21, 2016 (said resolution, as supplemented or amended as permitted thereby, being hereinafter referred to as the “Resolution”). The Bonds are being issued to provide funds, together with other available funds, to _____, a national banking association having trust powers duly organized under the laws of the United States of America, with its designated corporate trust office in _____, _____ has been appointed Trustee under the Resolution.

(iii) The Resolution authorizes the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional series of Bonds (such Bonds and the Bonds of the series of which this is one being herein collectively called the “Bonds”).

(iv) The Bonds are payable from the “Net Revenue” of the Authority derived from its “Port Facilities”, after reservation by the Authority of sufficient funds therefrom for payment by the Authority of (a) the Rent (the “Senior Rent”) due and payable under the provisions of that certain Amended and Restated Deed of Facilities Lease Agreement, dated September 21, 2016 (the “Senior Lease”), by and between Virginia International Gateway, Inc. (“VIG”), as lessor, and the Authority, as lessee, (b) the Installment Payments (the “Senior Installment Payments”) due and payable under the provisions of that certain Installment Sales Contract, dated of even date with the Senior Lease (the “Senior Installment Sales Contract”), by

and between VIG and the Authority and (c) the Construction Payments (the “Senior Construction Payments”) due and payable under the provisions of that certain Construction Authority Agreement, dated of even date with the Senior Lease (the “Senior Construction Authority Agreement”), and deposited to the credit of the “Debt Service Fund” under the Resolution. The Bonds shall not be deemed to constitute a debt of the Commonwealth or of any political subdivision thereof. Neither the Commonwealth nor the Authority shall be obligated to pay the Bonds or the interest thereon except from the Net Revenue of the Port Facilities, and neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such Bonds. The Authority has no taxing power. Payment of the principal of, premium, if any, and interest on the Bonds is subject to appropriation by the General Assembly of the Commonwealth.

ADDITIONAL PROVISIONS OF THIS BOND ARE SET FORTH ON THE REVERSE HEREOF AND SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH SET FORTH HERE.

IN WITNESS WHEREOF, the Virginia Port Authority has caused this Bond to be executed with the facsimile signature of its Executive Director and a facsimile of its official seal to be imprinted hereon and attested by its Secretary and this Bond to be dated the ____ day of _____, 20__.

VIRGINIA PORT AUTHORITY

BY: _____
Executive Director

BY: _____
Secretary

[FACSIMILE OF OFFICIAL SEAL]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the Series designated in and issued under the provisions of the within-mentioned Resolution.

Bond Registrar

By: _____
Authorized Signatory

Date of authentication:

[Form of Reverse of Bonds]

(v) The Authority is the sole member of, and has retained or will retain Virginia International Terminals, LLC (“VIT”), a Virginia limited liability company, to operate, its public water terminals located on the Harbor of Hampton Roads, including the Norfolk International Terminals, the Newport News Marine Terminal, the Portsmouth Marine Terminal, and the Virginia International Gateway Terminal, and the Richmond Marine Terminal located on the James River and the Virginia Inland Port located in Warren County, Virginia and other facilities (collectively, the “Port Facilities”). The Authority has covenanted that it will cause VIT, or any other Port Operator (as defined in the Resolution), to pay to the Authority monthly the Gross Revenues derived from the operation of the Port Facilities after payment of operating and certain other expenses and maintaining a Liquidity Reserve Requirement therefor, and the Authority shall, subject to the prior payment of its operating expenses and maintaining a Liquidity Reserve Requirement therefor and payment of Senior Rent, Senior Installment Payments and Senior Construction Payments (collectively, the “Senior Obligations”), make monthly deposits to the credit of the Virginia Port Authority Port Facilities Revenue Bonds Debt Service Fund (the “Debt Service Fund”) held by the Trustee. To secure the Bonds the Authority has pledged to the Trustee the Net Revenue (as defined in the Resolution) of the Authority, subject and subordinate to the prior payment therefrom of the Senior Obligations. The Bonds are also secured by the moneys and securities held by the Trustee in certain funds and accounts established under the Resolution.

(vi) Reference is made to the Resolution for a more complete statement of the provisions thereof and of the rights and duties of the Authority, the Trustee, the Bond Registrar, and the bondholders. By the purchase and acceptance of this Bond, the Registered Owner hereof signifies assent to all of the provisions of the aforementioned Resolution.

(vii) This Bond is issued and the Resolution adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly in conformity with the provisions, restrictions and limitations of Chapter 10, Title 62.1, Code of Virginia, 1950, as amended (the “Act”).

(viii) The Bonds are issuable as fully registered Bonds in denominations of \$5,000 or any whole multiple thereof. At the designated corporate trust office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Resolution, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same series maturity, of any authorized denomination or denominations and bearing interest at the same rate. The transfer of this Bond is registrable by the Registered Owner hereof in person or by his attorney or legal representative at the designated office of the Bond Registrar, but only in the manner and subject to the limitations and conditions provided in the Resolution and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Authority shall execute and the Bond Registrar shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of any authorized denomination or denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same series and maturity and bearing interest at the same rate. No service charge shall be made for any registration of transfer or exchange of Bonds, but the Authority and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Bonds. Neither the Authority nor the Bond Registrar shall be required to make any exchange or registration of transfer of any Bond during the fifteen (15) days immediately preceding the date of the Authority's giving notice of redemption or after such Bond has been selected for redemption.

(ix) The Bonds which are stated to mature after July 1, 20__ may be redeemed prior to their respective maturities, at the option of the Authority, from any moneys that may be made available for such purpose, either in whole, on any date, or in part, on any interest payment date, not earlier than July 1, 20__ at the principal amount of the Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption, plus a premium of _____.

(x) If less than all of the Bonds shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Authority by such method as the Authority deems appropriate.

(xi) At least thirty (30) days before the redemption date of any Bonds, whether such redemption is in whole or in part, the Authority shall cause a notice of any such redemption signed by the Authority to be mailed, first class, postage prepaid, to all Registered Owners to be redeemed in whole or in part, but any defect in such notice or the failure so to mail any such notice to the Registered Owner of any Bond shall not affect the validity of the proceedings for the redemption of any other Bonds. On the date fixed for redemption, notice having been mailed in the manner provided in the Resolution, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefore plus accrued interest to such date; provided that any optional redemption shall be, and such notice of redemption shall state that such redemption is, conditioned upon there being available under the terms of the Resolution moneys sufficient to pay such redemption price and accrued interest on such redemption date. If a portion of this Bond shall be called for redemption, a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the Registered Owner upon the surrender hereof.

(xii) The owner of this Bond shall have no right to enforce the provisions of the Resolution or to institute action to enforce the covenants therein, or to take any action with

respect to any Event of Default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

(xiii) Modifications or alterations of the Resolution, or any resolution supplemental thereto, may be made only to the extent and in the circumstances permitted by the Resolution.

(xiv) This Bond is issued with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

(xv) All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond have happened, exist and have been performed as so required.

(xvi) This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

[Form of Assignment]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ [Please Print or Typewrite Name and Address of Transferee] the within Bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed* by: _____

* Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (S.T.A.M.P.) or similar program.

Section 203. Details of Bonds. The Current Interest Bonds shall be dated, shall bear interest until their payment, such interest to the maturity thereof being payable, unless otherwise provided in the Series Resolution providing for the issuance of a particular Series of Bonds, semi-annually on January 1 and July 1 in each year, and shall be stated to mature (subject to the right of prior redemption), all as hereinafter provided.

Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (i) authenticated on an Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (ii) authenticated prior to the first Interest Payment Date in which event it shall bear interest from its

date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The Bonds shall be executed with the signature or facsimile signature of the Executive Director of the Authority and the official seal of the Authority shall be impressed, or a facsimile thereof imprinted, thereon and attested by the Secretary of the Authority by manual or, if then permitted by law, facsimile signature.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bonds may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Bonds shall be the proper officers to sign such Bonds although at the date of such Bonds such persons may not have been such officers.

Both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America which is legal tender on the respective dates of payment thereof for the payment of public and private debts. The principal of all Bonds shall be payable at the office of the Bond Registrar or other Paying Agent or Agents, designated by the applicable Series Resolution. Payment of the principal of all Bonds shall be made upon the presentation and surrender of such Bonds as the same shall become due and payable.

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 (or one or more predecessor bonds) is registered at the close of business on the Regular Record Date for such interest specified in the provisions of this Resolution.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the Authority, at its election in each case, as provided in subparagraph A or B below:

A. The Authority may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Authority shall notify the Bond Registrar and the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Bond Registrar and the Trustee to comply with the next sentence hereof), and at the same time the Authority shall deposit or cause to be deposited with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment with the Bond Registrar, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subparagraph provided. Thereupon the Trustee shall

fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name and at the expense of the Authority, 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 Holder at his address as it appears in the registration books maintained under Section 206 of this Resolution not less than ten (10) days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following subparagraph B.

B. The Authority may make payment of any Defaulted Interest on the Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Authority to the Trustee of the proposed payment pursuant to this subparagraph, such payment shall be deemed practicable by the Trustee.

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 all the rights to interest accrued and unpaid, and to accrue, which were carried by such predecessor Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 204. Authentication of Bonds. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth, duly executed by the Bond Registrar, shall be entitled to any benefit or security under this Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond shall have been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized signatory of the Bond Registrar, but it shall not be necessary that the same signatory sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 205. Exchange of Bonds. Bonds, upon surrender thereof at the designated office of the Bond Registrar, together with an assignment duly executed by the Holder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the Holder thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any authorized denomination or denominations, bearing interest at the same rate, and in the same form as the registered Bonds surrendered for exchange.

The Authority shall make provision for the exchange of the Bonds at the designated office of the Bond Registrar.

Section 206. Registration of Transfer of Bonds. Unless provided to the contrary in a Series Resolution, and as permitted by law, the Bond Registrar shall keep books for the registration and registration of transfer of Bonds as provided in this Resolution. The Bond Registrar shall evidence acceptance of the duties, obligations and responsibilities of Bond Registrar by execution of the certificate of authentication on the Bonds.

The transfer of any Bond may be registered only upon the books kept for the registration of transfer of Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the Holder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer the Authority shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new registered Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the applicable Series Resolution, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same Series and maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Authority shall execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar and disposed of in accordance with its record retention policy then in effect. No service charge shall be made for any registration of transfer or exchange of Bonds, but the Authority and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Bonds. Neither the Authority nor the Bond Registrar shall be required (i) to issue, register the transfer of or exchange Bonds during a period beginning at the opening of business fifteen (15) days before the day of mailing of a notice of redemption of Bonds under Section 303 of this Resolution and ending at the close of business on the day of such mailing or (ii) subject to the provisions of Article XII, to register the transfer of or exchange any Bond so selected for redemption in whole or in part.

Section 207. Ownership of Bonds. The Authority, the Paying Agents, the Bond Registrar and any agent of the Authority, the Paying Agents and the Bond Registrar may treat the person in whose name any Bond is registered on the books of the Authority kept by the Bond Registrar pursuant to Section 206 hereof as the Holder of such Bond for the purpose of receiving payment of principal of, and premium, if any, and interest on, such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Authority, any Paying Agent, the Bond Registrar nor any such agent shall be affected by any notice to the contrary.

Section 208. Authorization and Issuance of Bonds. There shall be initially issued under and secured by this Resolution, in one or more series, revenue refunding bonds of the Authority in the aggregate principal amount of up to Three Hundred Fifty Million Dollars (\$350,000,000.00), designated "Virginia Port Authority Port Facilities Revenue Refunding Bonds, Series 2016" (the "2016 Bonds"), for the purpose of providing funds, with other funds

available therefor, (i) to defease the Outstanding Bonds issued under the 1997 Resolution not defeased from available funds and investments on hand, (ii) to terminate the Outstanding Equipment Leases issued under the 1997 Resolution not terminated from available funds and investments on hand, (iii) to make any other deposits as set forth in any applicable Series Resolution and (iv) to pay the costs incident to the issuance of the 2016 Bonds. Such 2016 Bonds shall be issued in such principal amount (not exceeding the maximum amount authorized hereby) as Serial Bonds or Term Bonds, or a combination thereof, as taxable or tax-exempt obligations, or a combination thereof, shall be dated and shall be stated to mature, subject to the right of prior optional and mandatory sinking fund redemption, if any, on the dates and in the principal amounts, shall have such other details, and shall be sold in such manner to such purchasers upon the payment of such purchase price, and the proceeds of such 2016 Bonds shall be applied to the defeasance of the Outstanding Bonds and the termination of the Outstanding Equipment Leases by deposit to such Funds and Accounts or otherwise, all as may be provided by the applicable Series Resolution or Resolutions.

Each of the 2016 Bonds shall be executed substantially in the form and manner hereinabove set forth and shall be deposited with the Trustee, but prior to or simultaneously with the delivery of said 2016 Bonds by the Trustee to or upon the order of the purchasers thereof, there shall be filed with the Trustee the following:

- (a) a copy, certified by the Secretary or any Assistant Secretary of the Authority, of this Resolution;
- (b) a copy, certified by the Secretary or any Assistant Secretary of the Authority, of the Series Resolution or Resolutions adopted by the Board and referred to above;
- (c) a copy of the fully executed Senior Documents;
- (d) a report of a firm that is a nationally recognized verification agent or independent certified public accountant to the effect that as a result of the deposit of available funds and proceeds, if any, of the 2016 Bonds, there is on deposit to the credit of an irrevocable escrow or escrows an amount of cash and Defeasance Obligations sufficient to defease the Outstanding Bonds and terminate the Outstanding Equipment Leases;
- (e) an opinion of Bond Counsel to the effect that the Outstanding Bonds and Outstanding Equipment Leases are no longer Outstanding under the 1997 Resolution; and
- (f) an opinion of the General Counsel of the Authority that (i) this Resolution has been duly adopted pursuant to the Act and the issuance of the 2016 Bonds has been duly and validly authorized and all conditions precedent to the delivery of such 2016 Bonds have been fulfilled, and (ii) no provision of this Resolution or of such 2016 Bonds results in or constitutes a default under any agreement, indenture or other instrument of which such General Counsel has knowledge and to which the Authority is a party or by which the Authority is or may be bound.

When (i) the documents mentioned in clauses (a) to (f), inclusive, of this Section shall have been filed with the Trustee and (ii) the 2016 Bonds shall have been executed and authenticated as required by this Resolution, the Authority shall deliver such 2016 Bonds to the Trustee and the Trustee shall deliver such 2016 Bonds at one time to or upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of such 2016 Bonds so delivered.

Simultaneously with the delivery of the 2016 Bonds and the deposit of said proceeds with the Trustee, the proceeds (including accrued interest, if any) of said 2016 Bonds shall be applied by the Trustee as provided in the applicable Series Resolution or Resolutions.

Section 209. Additional Bonds. Additional Series of Bonds of the Authority (in this Section sometimes called “Additional Bonds”), in addition to the Series of Bonds issued under Sections 208 and 210 of this Article, may be issued from time to time under and secured by this Resolution, subject to the conditions hereinafter provided in this Section, for the purpose of providing funds, with any other available funds, for (i) completing payment of the cost of any Project for which Bonds shall have theretofore been issued pursuant to this Section 209 or (ii) paying all or any portion of the cost of additional Projects. Before any Series of Bonds shall be issued under this Section, the Board shall adopt a Series Resolution authorizing the issuance of such Series of Bonds, fixing the amount and the details thereof and the purpose thereof and, if for the purpose of paying the cost of any new Project, describing in brief and general terms the facilities to be acquired or constructed and approving the estimate of the cost thereof. Such Series of Bonds shall be appropriately designated, shall be dated, shall be stated to mature on such date or dates not exceeding the maximum term then permitted by law, in such principal amount or amounts, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law which shall be payable and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as may be provided in the Series Resolution. Except as to any differences in the rate or rates of interest, the maturities or the provisions for redemption and except for such differences, if any, respecting the use of moneys in the various subaccounts in the Reserve Account, such series of Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Resolution as all other Bonds theretofore or thereafter issued under this Resolution.

Prior to or simultaneously with the delivery of such Bonds by the Trustee to or upon the order of the purchasers thereof, there shall be filed with the Trustee the following:

(a) a copy, certified by the Secretary or any Assistant Secretary of the Authority of the Series Resolution adopted by the Board providing for the issuance of such Additional Bonds, approving the sale of such Bonds to the purchasers thereof and directing the delivery of such bonds to or upon the order of such purchasers upon payment of the purchase price therein set forth;

(b) an opinion of the General Counsel of the Authority that (i) the Series Resolution referred to in clause (a) of this Section has been duly adopted pursuant to the Act and the issuance of such Bonds has been duly and validly authorized and all conditions precedent to the delivery of such Bonds have been fulfilled, (ii) no provision of such Bonds or of the Series Resolution authorizing such Bonds results in or constitutes a default under any agreement, indenture or other instrument of which such General

Counsel has knowledge and to which the Authority is a party or by which the Authority is or may be bound, and (iii) all permits, approvals, franchises, privileges and legal clearances under federal, Commonwealth or local laws and from federal, Commonwealth or local entities or officers necessary for the acquisition, construction, reconstruction and control of the Project, and then obtainable, have been obtained, and that the Authority has full and lawful authority to operate and maintain the Port Facilities, including the Projects, as provided in this Resolution;

(c) an Officer's Certificate setting forth:

(i) the sum of Net Revenue and the Port Operator Capital Expenditures and the sum of Adjusted Net Revenue and the Port Operator Capital Expenditures, for the Fiscal Year next preceding the Fiscal Year in which such Bonds are delivered;

(ii) the estimated maximum Aggregate Principal and Interest Requirements for any Fiscal Year following the Fiscal Year in which such Bonds are to be delivered, excluding from such computation the annual debt service on such Bonds then proposed to be delivered; and

(iii) (A) the estimated Aggregate Principal and Interest Requirements for the current Fiscal Year, and each Fiscal Year thereafter to and including the fifth complete Fiscal Year following the last estimated Completion Date for such Projects,

(B) the estimated amount of the maximum Aggregate Principal and Interest Requirements for any Fiscal Year following the Fiscal Year in which such Bonds are to be delivered, including in all such computations the annual debt service on such Bonds then proposed to be delivered, and

(C) the estimated amount of the average annual Aggregate Principal and Interest Requirements, including such Bonds then to be delivered, for the period beginning on the Closing of such Bonds proposed to be delivered and ending on the final stated maturity date of such Bonds proposed to be delivered; and

(d) a report of the Management Consultant setting forth its estimate of the Net Revenue, Adjusted Net Revenue and Port Operator Capital Expenditures of the Authority (i) for the current Fiscal Year and each Fiscal Year thereafter to and including the fifth complete Fiscal Year and (ii) for the sixth complete Fiscal Year, in both cases following the last estimated Completion Date for such Projects. For purposes of its report, the Management Consultant may rely upon a certificate of the Executive Director of the Authority as to his estimate of the amount of Current Expenses that will be paid from sources other than Gross Revenues, and the Management Consultant shall accept and apply such estimate in projecting the Net Revenue, Adjusted Net Revenue and Port Operator Capital Expenditures of the Authority in the applicable periods.

For purposes of paragraphs (c)(i), (c)(ii) and (c)(iii) above, the officer of the Authority executing the Officer's Certificate shall use the average of the Percentage Change, as that term is defined in the Senior Lease, for the prior five years for determining the variable component of the Senior Obligations.

When (i) the documents mentioned in clauses (a) to (d), inclusive, of this Section shall have been filed with the Trustee, and (ii) the Additional Bonds described in the Series Resolution mentioned in clause (a) of this Section shall have been executed and authenticated as required by this Resolution, the Authority shall deliver such Bonds to the Trustee and the Trustee shall deliver such Bonds at one time to or upon the order of the purchasers thereof but only upon payment to the Trustee of the purchase price of such Bonds.

The Trustee shall not deliver any such Additional Bonds issued for a Project to or upon the order of the purchasers thereof unless the Authority certifies to the Trustee that either

(I) for the Fiscal Year referred to in the certificate mentioned in clause (i) of paragraph (c) of this Section, the sum of Net Revenue and the Port Operator Capital Expenditures and the sum of Adjusted Net Revenue and the Port Operator Capital Expenditures set forth therein shall be not less than one hundred ten percent (110%) and one hundred twenty-five percent (125%), respectively, of the amount set forth in the certificate mentioned in clause (iii)(B) of paragraph (c) of this Section; or

(II) (A) the sum of Net Revenue the Port Operator Capital Expenditures and the sum of Adjusted Net Revenue and the Port Operator Capital Expenditures for the current Fiscal Year and each Fiscal Year thereafter to and including the fifth complete Fiscal Year following the last estimated Completion Date for such Projects (as shown in clause (i) of the report mentioned in paragraph (d) of this Section) shall be not less than one hundred ten percent (110%) and one hundred twenty-five percent (125%), respectively, of the respective amounts for the corresponding Fiscal Years set forth in clause (iii)(A) of the certificate mentioned in paragraph (c); and

(B) the sum of Net Revenue and the Port Operator Capital Expenditures and the sum of Adjusted Net Revenue and the Port Operator Capital Expenditures for the sixth complete Fiscal Year following the last estimated Completion Date for such Projects (as shown in the report of the Management Consultant and referred to in clause (ii) of paragraph (d) of this Section) shall be not less than one hundred ten percent (110%) and one hundred twenty-five percent (125%), respectively, of the amount set forth in clause (iii)(C) of the certificate mentioned in paragraph (c) of this Section.

Notwithstanding the foregoing provisions of this Section 209, in the case of the following described Additional Bonds the foregoing requirements and provisions respecting the issuance thereof shall be modified as hereinafter indicated:

(A) Balloon Long-Term Indebtedness. If any of the Additional Bonds of the Series to be issued constitute Balloon Long-Term Indebtedness or Balloon Long-Term Indebtedness and Variable Rate Indebtedness, then for purposes of the amounts to be shown in clauses (ii) and (iii) of paragraph (c) above, the Authority shall adjust such amounts as if the

principal amount of such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term equal to the lesser of (i) twenty-five (25) years or (ii) the weighted average estimated useful life of the facilities comprising the Project to be financed from the proceeds of such Bonds, as determined by the Engineer, the interest rate used for such computation being that rate at which it is assumed that the Authority could reasonably expect to borrow by issuing such Bonds with such term and level Principal and Interest Requirements for each Bond Year, such reasonable expectations being established by an Officer's Certificate and a letter of a banking or investment banking or financial advisory institution knowledgeable in financial matters relating to the Authority confirming the interest rate assumption as reasonable.

(B) Optional Tender Indebtedness. If any of the Additional Bonds of the Series to be issued constitute Optional Tender Indebtedness, then (1) for purposes of the amounts to be shown in clauses (ii) and (iii) of paragraph (c) above, the options of the Holders of such Bonds to tender the same for payment prior to their stated maturity or maturities shall be ignored, (2) if such Bonds also constitute Variable Rate Indebtedness or Variable Rate Indebtedness and Balloon Long-Term Indebtedness, the Authority shall adjust such amounts shown in clauses (ii) and (iii) of paragraph (c) above as provided in paragraph (C) below, (3) such Bonds shall have been rated in one of the three highest rating categories (without reference to gradations of such categories such as "plus" or "minus") by either Moody's Investors Service, Inc. or Standard & Poor's Corporation, and (4) any obligation the Authority may have, other than its obligation on such Bonds (which shall be uniform as to all Holders thereof), to reimburse any person for its having extended a credit or liquidity facility such as a Bond Insurance Policy, letter of credit, line of credit or similar arrangement shall be subordinated to the obligation of the Authority on the Bonds and be payable in accordance with the provisions of Section 504(a) or 504(b).

(C) Variable Rate Indebtedness. If any of the Additional Bonds of the Series to be issued constitute Variable Rate Indebtedness, then for purposes of the amounts shown in clauses (ii) and (iii) of paragraph (d) above, the interest rate used in such computation shall be the greatest of (1) the interest rate for the first period of calculation of interest on such Bonds, (2) the fixed interest rate established as provided in the case of paragraph (A) above for Balloon Long-Term Indebtedness, and (3) any stated cap on fluctuations in the interest rate on such Bonds.

Simultaneously with the delivery of such Bonds and the deposit of said proceeds with the Trustee, the proceeds (excluding accrued interest) of such Bonds shall be applied by the Trustee as follows:

(1) if so provided by the Series Resolution mentioned in clause (a) of this Section, the amount specified in such resolution, which amount shall not be greater than that required, with the accrued interest, to pay all or a portion of the interest which will accrue on such Bonds from their date to the latest estimated Completion Date of any Project, and, if so provided by such resolution, for not exceeding one year after such estimated Completion Date shall be deposited to the credit of the Debt Service Account;

(2) if and to the extent so provided by the Series Resolution mentioned in clause (a) of this Section, the amount specified in such resolution (which shall be not less than the minimum amount required to make the balance to the credit of the Debt Service Reserve Account equal to the amount of the Reserve Account Requirement on account of all Bonds

Outstanding and such Additional Bonds) shall be deposited to the credit of the Debt Service Reserve Account or, in the case of any Series of Bonds as shall constitute Balloon Long-Term Indebtedness or Optional Tender Indebtedness in a segregated subaccount therein; and

(3) the balance of the proceeds of such Bonds shall be deposited to the credit of a special account in the Construction Fund, to be created with a Depositary, appropriately designated and held in trust for the purpose of paying the cost of such Project.

The amount received as accrued interest shall be deposited by the Trustee to the credit of the Debt Service Account.

Section 210. Refunding Bonds. Additional Series of Bonds of the Authority (in this Section sometimes called “Refunding Bonds”), including Crossover Refunding Bonds, may be also issued from time to time under and secured by this Resolution, subject to the conditions hereinafter provided in this Section, for the purpose of providing funds for refunding all or, if then permitted by law, any Bonds of any one or more Series of Bonds or other Indebtedness then Outstanding, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to the redemption date or stated maturity date or dates and any expenses in connection with such refunding. Before any such Series of Refunding Bonds shall be issued under the provisions of this Section, the Board shall adopt a Series Resolution authorizing the issuance of such Bonds, fixing the amount and the details thereof and describing the Bonds to be refunded. Such Refunding Bonds shall be appropriately designated, shall be dated, shall be stated to mature at such times and in such principal amount or amounts, shall bear interest at a rate or rates, not exceeding the maximum rate then permitted by law, and may be made redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as may be provided in the Series Resolution authorizing the issuance of such Series of Refunding Bonds. Except as to any differences in the maturities thereof or the rate or rates of interest or the provisions for redemption and except for such differences, if any, respecting the use of moneys in various subaccounts in the Reserve Account such Refunding Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Resolution as all other Bonds theretofore issued under this Resolution.

Prior to or simultaneously with the delivery of such Bonds by the Trustee to or upon the order of the purchasers thereof, there shall be filed with the Trustee the following:

(a) a copy, certified by the Secretary or any Assistant Secretary of the Authority, of the Series Resolution adopted by the Board providing for the issuance of such Refunding Bonds, approving the sale of such Bonds, and directing the delivery of such Bonds to or upon payment of the purchase price therein set forth; and

(b) an opinion of the General Counsel of the Authority that (i) the Series Resolution authorizing such Refunding Bonds has been duly adopted pursuant to the Act and the issuance of such Refunding Bonds has been duly and validly authorized and all conditions precedent to the delivery of such Refunding Bonds have been fulfilled and (ii) no provision of such Refunding Bonds or the Series Resolution authorizing such Refunding Bonds results in or constitutes a default under any agreement, indenture or other instrument of which such General Counsel has knowledge and to which the Authority is a party or by which the Authority is or may be bound.

When (i) the documents mentioned in clauses (a) and (b) of this Section shall have been filed with the Trustee, and (ii) the Refunding Bonds described in the Series Resolution mentioned in clause (a) of this section have been executed and authenticated as required by this Resolution, the Authority shall deliver such Bonds to the Trustee for delivery, at one time to or upon the order of the purchasers thereof, but only upon payment to the Trustee of the purchase price of such Bonds. The Trustee shall not deliver such unless in the determination of a firm that is a nationally recognized verification agent or an independent certified public accountant, the proceeds (excluding accrued interest) of such Refunding Bonds, together with the amount, if any, withdrawn from the Debt Service Account or the Reserve Account or any other money deposited with the Trustee for such purpose, and the interest that shall accrue upon any Government Obligations acquired pursuant to clause (2) below of this Section, shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds or other Indebtedness to be refunded and the interest which will accrue thereon to the respective redemption and maturity dates, and the expenses incident to such refunding (in the case of Crossover Refunding Bonds, the consultant shall address the sufficiency of the escrow to pay the principal and interest on the Crossover Refunding Bonds to and including the redemption date and thereafter the Bonds or other Indebtedness to be refunded), and

(A) in the case of a refunding of Bonds, during the years in which any of the Bonds not so refunded are Outstanding, the maximum Principal and Interest Requirements for any Bond Year thereafter on account of all Bonds Outstanding, after the issuance of such Refunding Bonds and the redemption or provision for payment of the Bonds to be refunded, shall not exceed the maximum Principal and Interest Requirements for any Bond Year thereafter on account of all the Bonds Outstanding, including the Bonds to be refunded, immediately prior to the issuance of such Refunding Bonds. In applying the foregoing test, (i) if any of the Bonds Outstanding immediately prior to or after the issuance of the Refunding Bonds to be issued constitute Balloon Long-Term Indebtedness, Optional Tender Indebtedness or Variable Rate Indebtedness, the conventions employed in Section 209(A), (B) or (C), shall be applied in determining the Principal and Interest Requirements thereof and shall be utilized in determining the Principal and Interest Requirements of the Refunding Bonds to be issued, or

(B) in any refunding of Indebtedness, the Authority shall demonstrate satisfaction of the tests for the issuance of Bonds under Section 209 (I) or (II) of this Resolution as applied mutatis mutandis to the Refunding Bonds.

Simultaneously with the delivery of such Refunding Bonds, the Trustee may withdraw (a) from the Debt Service Account, such amount, if any, as may have been deposited to the credit of the Debt Service Account for the payment of the principal of or interest on any Bonds to be redeemed or paid and (b) from the Reserve Account, such amount, if any, as will exceed the Reserve Account Requirement in respect of the Bonds Outstanding immediately following the issuance of such Refunding Bonds and the redemption or provision for payment of the Bonds being refunded, and, as directed in writing by the Authority, the Trustee shall apply, after provision for payment of the costs incident to such refunding, the proceeds of such Refunding Bonds (including accrued interest) and any other money provided for such purpose, as follows:

(1) the accrued interest received as part of the proceeds of such Refunding Bonds shall be deposited to the credit of the Debt Service Account;

(2) an amount which, together with the interest that shall accrue on the Government Obligations acquired pursuant to this clause (2), shall be sufficient to pay the principal of and redemption premium, if any, and the interest on the Bonds to be refunded hereunder shall be deposited by the Trustee to the credit of a special redemption fund, appropriately designated, to be held in trust by the Trustee or a Depository for the sole and exclusive purpose of paying such principal, redemption premium and interest; and money held for the credit of such redemption fund shall, as nearly as may be practicable and reasonable, be invested and reinvested by the Trustee or such Depository, as the case may be, in Government Obligations which shall mature or be subject to redemption by the holder thereof at the option of such holder, as the Authority shall determine to be necessary or desirable to effectuate the purpose of such Refunding Bonds as stated in the Series Resolution mentioned in clause (a) of this Section;

(3) such amount shall be deposited to the credit of any Fund or Account established under Section 505 of this Resolution, as shall be required by reason of the issuance of the Refunding Bonds then proposed to be delivered and the Series Resolution authorizing the issuance of the Refunding Bonds under this Section (which amount shall be not less than the minimum amount required to make the balance to the credit of the Debt Service Reserve Account equal to the amount of the Reserve Account Requirement on account of all Series of Bonds Outstanding immediately after the issuance of the Refunding Bonds); and

(4) any balance of such proceeds shall be deposited to the credit of the Debt Service Account;

provided that if any of the Refunding Bonds are Crossover Refunding Bonds, then no amounts derived from such Crossover Refunding Bonds shall be applied by the Trustee until the Crossover Refunding Date except as otherwise provided in the applicable Series Resolution.

Section 211. Temporary Bonds. Until definitive Bonds are ready for delivery, there may be executed, and upon request of the Authority, the Bond Registrar shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, typewritten printed, engraved or lithographed temporary Bonds, in the form of fully registered Bonds in the minimum denomination authorized for the definitive Bonds and whole multiple thereof, substantially of the tenor of the Bonds set forth in this Resolution and the Series Resolutions providing for the issuance of the definitive Bonds and with such appropriate omissions, insertions and variations as may be required.

Until definitive Bonds are ready for delivery, any temporary Bond may, if so provided by the Authority by resolution, be exchanged at the designated office of the Bond Registrar, without charge to the Holder thereof, for an equal aggregate principal amount of temporary fully registered Bonds of authorized denominations, of like tenor, of the same Series and maturity and bearing interest at the same rate.

If temporary Bonds shall be issued, the Authority shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it at its designated office of any temporary Bond, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the Holder, without charge to the Holder thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same Series and maturity and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Resolution as the definitive Bonds to be issued and authenticated hereunder.

Section 212. Mutilated Bonds. Destroyed, Stolen or Lost Bonds. In case any Bond secured hereby shall become mutilated or be destroyed, stolen or lost, the Authority shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the Holder shall pay the reasonable expenses and charges of the Authority and the Bond Registrar in connection therewith and, in case of a Bond destroyed, stolen or lost, the Holder shall file with the Bond Registrar evidence satisfactory to it and to the Authority that such Bond was destroyed, stolen or lost, and of his ownership thereof, and shall furnish the Authority and the Bond Registrar indemnity satisfactory to them.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond which is mutilated, destroyed, stolen or lost shall constitute an additional contractual obligation of the Authority, whether or not the destroyed, stolen or lost Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Resolution. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, stolen or lost Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

ARTICLE III. Redemption of Bonds

Section 301. Redemption of Bonds by the Authority. The Bonds issued under the provisions of this Resolution may be made subject to mandatory, extraordinary mandatory and optional redemption by the Authority, either in whole or in part, and at such times and prices, as may be provided in the respective Series Resolutions respecting such Bonds.

Section 302. Selection of Bonds to be Redeemed. The Bonds of each Series shall be redeemed only in, or in whole multiples of, the minimum denomination authorized by the Series Resolution. In selecting Bonds of a Series for redemption, the Authority shall treat each bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by the minimum authorized denomination for such Series. If less than all of the Bonds of a Series shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Authority by such method as the Authority in its sole discretion deems fair and appropriate.

Section 303. Redemption Notice. At least thirty (30) days before the redemption date of any Bonds, whether such redemption be in whole or in part, the Authority shall cause a notice of any such redemption signed by the Authority to be mailed, first class, postage prepaid, to all Holders owning Bonds to be redeemed in whole or in part, but any defect in such notice or the failure so to mail any such notice to any Holder owning any Bonds shall not affect the validity of the proceedings for the redemption of the Bonds. Each such notice shall set forth the Bonds or portions thereof to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the Series and maturities of the Bonds to be redeemed and, if less than all of the Bonds of any one maturity of a Series then Outstanding shall be called for redemption, the distinctive numbers and letters, if any of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Any notice of optional redemption given pursuant to this Section may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected owners of Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Section 304. Effect of Calling for Redemption. On the date fixed for redemption, notice having been mailed in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefore plus accrued interest to such date. If money or Government Obligations, or a combination of both, sufficient to pay the Redemption Price of the Bonds to be

redeemed, plus accrued interest thereon to the date fixed for redemption, are held by the Bond Registrar in trust for the Holders of Bonds to be redeemed, interest on the Bonds called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefits or security under this Resolution or to be deemed Outstanding; and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date of redemption. Bonds and portions of Bonds for which irrevocable instructions to pay or to call for redemption on one or more specified dates have been given to the Bond Registrar in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Resolution and shall cease to be entitled to the security of or any rights under this Resolution, other than rights to receive payment of the Redemption Price thereof and accrued interest thereon, to be given notice of redemption in the manner provided in Section 303, and, to the extent hereinafter provided, to receive Bonds for any unredeemed portions of predecessor Bonds if money or Government Obligations, or a combination of both, sufficient to pay the Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by a Depository, the Paying Agents or the Bond Registrar in trust for the holders of such Bonds.

Section 305. Redemption of Portion of Bonds. If a portion of an Outstanding Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the Authority shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Holder or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the predecessor Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

Section 306. Cancellation. Bonds so redeemed, presented and surrendered shall be destroyed and canceled by the Bond Registrar in accordance with its record retention policy then in effect.

Section 307. Use of Government Obligations to Redeem Bonds. For purposes of all Sections in this Article, Government Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Government Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date.

ARTICLE IV. CONSTRUCTION FUND

Section 401. Construction Fund. A fund is hereby established and designated “Virginia Port Authority General Revenue Bonds Construction Fund”, to be held by a Depository to the credit of which such deposits shall be made as are required by the provisions of Series Resolutions. Any money received by the Authority from any other source, except appropriations from the Commonwealth (including proceeds of Commonwealth bonds and any interest earned thereon), for the payment of the cost of a Project shall be deposited to the credit of an appropriate account established within the Construction Fund. Different accounts for different Projects may be established with different Depositories, in which case the provisions of this Resolution, including especially this Article IV, shall apply to each such account as though it were the entire Construction Fund.

The money in the Construction Fund shall be held by the Depository in trust and, subject to the provisions of Section 406 of this Resolution, shall be applied to the payment of the cost of the Project and, pending such application, shall be subject to a lien and charge in favor of the Holders of the Bonds issued and Outstanding under this Resolution and for the further security of such Holders until paid out or transferred as herein provided.

Section 402. Payments from Construction Fund. Payment of the cost of each Project shall be made from the appropriate account within the Construction Fund and, if received, from any appropriations from the Commonwealth (including proceeds of Commonwealth bonds and any interest earned thereon) lawfully available therefor. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the Authority covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Section 403. Cost of Projects. For the purpose of this Resolution the cost of each Project shall embrace such costs as are eligible costs within the purview of the Act, and, without intending thereby to limit or restrict any proper definition of such cost, shall include the following:

(a) obligations previously incurred or to be incurred by the Authority for labor, materials and services and to contractors, builders and others in connection with the providing of the Project, for machinery and equipment, for necessary water and sewer lines and connections, utilities and landscaping, for the restoration or relocation of any property damaged or destroyed in connection with such construction, for the removal or relocation of any structures and for the clearing of land;

(b) the cost of acquiring by purchase or eminent domain, if such acquisition shall be deemed expedient, such lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Authority for the providing of the Project, the cost of wetlands mitigation, other environmental costs, the costs of acquiring options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any land to which such buildings or structures

may be moved and the amount of any damages incident to or consequent upon the construction of the Project;

(c) the reasonable fees and expenses of the Trustee, any Depositary, the Bond Registrar and the Paying Agents for the payment of principal of and redemption premium, if any, and interest on the Bonds related to a Project to be the subject of construction until the Completion Date and if deemed advisable by the Authority for up to one year thereafter if in the written opinion of Bond Counsel to the Authority such will not result in the interest on the Bonds, or any of them, becoming subject to federal income tax;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary incident to determining the feasibility or practicability of the providing of the Project, and fees and expenses of engineers, architects and consultants for making studies, surveys and estimates of costs and of revenues and other estimates, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the providing of the Project and the issuance of bonds therefor;

(e) legal expenses and fees, financing charges, costs of audits and of preparing and issuing the Bonds, and all other items of expense not elsewhere in this Section specified incident to the providing of the Project, the financing thereof, the acquisition of lands, property rights, rights of way, easements, franchises and interests in or relating to lands, including abstracts of title, opinions of title, title insurance, cost of surveys and other expenses in connection with such acquisition, and expenses of administration properly chargeable to the acquisition of property and the providing of the Project; and

(f) reimbursement for any obligation or expense heretofore or hereafter incurred or paid by the Authority for any of the foregoing purposes, including the repayment of any loans or advances, heretofore or hereafter made to the Authority.

Section 404. Requisitions on Construction Fund. Payments from the Construction Fund shall be made in accordance with the provisions of this Section. Before any such payment shall be made, the Authority shall file with the Depositary thereof:

(a) a requisition, signed by any fiscal officer of the Authority who shall be designated by the Board for such purpose, stating:

- i. the item number of each such payment,
- ii. the name of the person, firm or corporation to whom each such payment is due,
- iii. the respective amounts to be paid,
- iv. the purpose by general classification for which each obligation to be paid was incurred,

v. that obligations in the stated amounts have been incurred by the Authority and are presently due and payable and that each item thereof is a proper charge against the Construction Fund and has not been paid,

vi. that there has not been filed with or served upon the Authority notice of any lien, right to lien or attachment upon, or claim affecting the right of any such persons, firms or corporations to receive payment of, the respective amounts stated in such requisition which has not been released or will not be released simultaneously with the payment of such obligation, and

vii. that such requisition contains no item representing payment on account of any percentage which the Authority is at the date of such requisition entitled to retain and

(b) as to obligations payable to contractors on account of construction costs or to vendors on account of land or interests in land, a certificate signed by the Engineer and attached to such requisition, certifying its approval thereof.

Upon receipt of each requisition and accompanying certificate, the Depositary shall pay each such obligation, or reimburse the Authority upon receipt of satisfactory evidence that the Authority shall have paid the same from other available moneys. In making such payments the Depositary may rely upon such requisitions and accompanying certificates. If for any reason the Authority should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Depositary and thereupon the Depositary shall not make such payment but shall redeposit the amount of such item to the credit of the Construction Fund. Any requisition delivered to the Depositary pursuant to the provisions of this Section shall be retained by it for a period of not less than five (5) years, subject at all reasonable times to examination by the Authority and the Trustee.

Section 405. Cost Control of Projects. The Authority covenants that the cost of each Project shall be carefully controlled to prevent overruns in such cost and to assure that the proceeds of Bonds issued therefor will be sufficient, with any other funds then or to be made available, to pay such cost.

Section 406. Disposition of Construction Fund Balance. When each Project shall have been completed, which fact shall be evidenced to the Depositary and the Trustee by a certificate, stating the Completion Date, signed by the Executive Director of the Authority and approved by the Engineer, stating that requisitions have been made for the payment of all obligations which are payable in respect of the Project from the Construction Fund, and accompanied by an Opinion of Counsel to the effect that there are no mechanics', laborers', contractors' or materialmen's liens on any property constituting a part of the Port Facilities or on file in any public office where the same should be filed in order to be a perfected lien against any part of the Port Facilities and that the time within which such liens can be filed has expired, the balance in the Construction Fund not reserved by the Authority, with the approval of the Engineer, for the payment of any remaining part of the cost of the Project shall be credited first, if permitted by the applicable Series Resolution and not prohibited by law, to the cost of any other Project which shall have been undertaken (but only upon receipt by the Authority of an approving opinion of Bond Counsel) and second, if there is no such other Project

or if application to the cost thereof is not permitted or is prohibited, then to the Debt Service Account for the payment, purchase or redemption of Bonds. Moneys transferred to the Trustee for deposit in the Debt Service Account shall be accompanied by an opinion of Bond Counsel to the Authority, and no investment or application of such moneys shall be made that would be contrary to the restrictions or limitations set forth in such opinion.

**ARTICLE V.
REVENUES AND FUNDS**

Section 501. Rates and Charges. (a) The Authority covenants that it will fix, charge and collect, or cause to be fixed, charged and collected, by Port Operators, rates, fees and charges for the use of and for the services furnished or to be furnished by the Port Facilities that will be sufficient to produce in each Bond Year, (I) one hundred percent (100%) of Current Expenses, (II) the greater of (i) Aggregate Net Revenue of the Authority which shall be not less than one hundred ten percent (110%) and (ii) Aggregate Adjusted Net Revenue of the Authority which shall be not less than one hundred twenty-five percent (125%), in each case, of the Aggregate Principal and Interest Requirements for such Bond Year, and (III) the sum of Net Revenue of the Authority and the Port Operator Capital Expenditures which shall not be less than one hundred percent (100%) of the sum of the Aggregate Principal and Interest Requirements for such Bond Year plus the amount, if any, by which any Debt Service Reserve Account fails to contain its Reserve Account Requirement.

(b) The Authority further covenants that if in any Bond Year the Aggregate Net Revenue, Aggregate Adjusted Net Revenue or sum of Net Revenue of the Authority and Port Operator Capital Expenditures shall be less than the respective amounts required under paragraph (a) of this Section, it will, within thirty (30) days of the receipt of the audit required by Section 713 of this Resolution, request the Management Consultant to make recommendations as to a revision of such rates, fees and charges or the methods of operation of the Port Facilities, which will result in producing the amounts so required as soon as practicable, and copies of such request and the recommendations of the Management Consultant shall be filed with the Trustee. The Authority covenants that promptly upon its receipt of such recommendations it shall review and consider such recommendations.

(c) If the Authority shall comply with its covenant in paragraph (b) of this Section, any shortfall in the Aggregate Net Revenue, Aggregate Adjusted Net Revenue or sum of Net Revenue of the Authority and Port Operator Capital Expenditures to meet the requirements of paragraph (a) of this Section will not constitute an Event of Default under this Resolution so long as no Event of Default under Section 801(a) or (b) shall occur.

(d) The Authority further covenants that in order to comply with the provisions of this Section it shall take all action within its power to obtain approvals of any regulatory or supervisory authority in order to implement any rates, fees and charges required by the operation of this Section and that it will file timely requests or applications for any regulatory approvals, or other action necessary to the provisions of this Section and to comply with all applicable regulatory requirements.

Section 502. Annual Budget. The Authority covenants that it will cause an Annual Budget to be prepared for each Fiscal Year and to be approved and adopted in accordance with the then applicable law and procedures of the Commonwealth respecting the Authority. The Authority covenants that it will, on or before June 30 in each Fiscal Year, adopt an Annual Budget for the ensuing Fiscal Year of the Gross Revenues and Current Expenses of the Authority, which Annual Budget shall comply with the provisions of Section 501. Such

Annual Budget shall also set forth the estimated amount to be deposited to the credit of the Senior Obligations Fund and the amount to be deposited to the Debt Service Fund and the Subordinate Obligations Fund in such ensuing Fiscal Year. In preparing the Annual Budget the Chief Financial Officer of the Authority shall use the average of the Percentage Change, as that term is defined in the Senior Lease, for the prior five years for determining the variable component of the Senior Obligations and the estimate of the amount to be deposited to the credit of the Senior Obligations Fund. The Annual Budget shall clearly set forth those items that are included in "Current Expenses" and "Aggregate Principal and Interest Requirements" and are budgeted to be paid by the Authority from sources other than Gross Revenues. The Authority may at any time adopt an amended or supplemental budget for the remainder of the then current Fiscal Year. In preparing such budget or any amended or supplemental budget, consideration shall be given to any recommendations of the Management Consultant. Copies of each such budget and of any amended or supplemental budget shall be filed with the Trustee and mailed by the Authority to the Management Consultant.

Section 503. Transfer of Revenues by Port Operators to Authority. (a) The Authority covenants that all Gross Revenues derived from the operation of its Port Facilities will be collected by the Port Operators or the Authority and will be held, deposited, invested and applied as provided in this Resolution.

(b) The Authority will cause all Port Operators monthly, not later than the 20th day of such month, except in the event such day is not a Business Day, then on the next succeeding Business Day, to pay to the Authority the entire amount described in Section 718(b).

Section 504. Operating Account; Transfers. (a) The Authority has established with a Depository its "Virginia Port Authority Port Facilities Operating Account" (herein called the "Operating Account") which is administered by the Authority. All Gross Revenues received by the Authority shall be promptly deposited to the credit of the Operating Account. The Authority covenants that Gross Revenues deposited into the Operating Account shall be applied immediately as received by the Authority, first to the payment, when due and payable, of all amounts owing by the Authority in respect of Current Expenses for the applicable Measurement Period and for the maintenance of the Liquidity Reserve Requirement. During any Fiscal Year, the balance in the Operating Account may be less than the Liquidity Reserve Requirement, provided that the amount of any Liquidity Reserve Requirement Shortfalls is restored in accordance with this Section 504(a). For any Measurement Period in which a Liquidity Reserve Requirement Shortfall occurs, no payment shall be made by the Authority from the Operating Account to the Senior Obligations Fund on the following Payment Date. A Liquidity Reserve Requirement Shortfall shall be restored on a monthly basis over a period of up to twelve months beginning on the next Payment Date (so long as no Liquidity Reserve Requirement Shortfall occurs for the Measurement Period applicable to such Payment Date). Such amount as determined by the Authority shall be no less than 1/12th of the Liquidity Reserve Requirement Shortfall (each such monthly restoration amount, a "Liquidity Reserve Requirement Restoration Amount"). Notwithstanding the foregoing, a Liquidity Reserve Requirement Shortfall may be restored in full by the Authority at any time. Further, any Liquidity Reserve Requirement Shortfall may be recalculated and combined with any additional subsequent Liquidity Reserve Requirement Shortfall at any time by the Authority, provided that the recalculation of the Liquidity Reserve Requirement Restoration Amount shall not extend the restoration of any Liquidity Reserve Requirement Shortfall beyond the original permitted twelve

month period. If excess monies remain in the Operating Account on any Deposit Day after the Authority has observed the foregoing requirements, the Authority covenants that such excess shall be applied then monthly on each Deposit Day, for the following purposes, except to the extent that other funds are lawfully available therefor, and in the following order:

1. First, to the credit of the Senior Obligations Fund the next succeeding monthly payment of Senior Obligations;
2. Then, to the transfer by the Authority to the Trustee, for deposit to the credit of the Debt Service Fund of an amount sufficient, with such funds as shall then be held for the credit of the respective accounts therein, to enable the Trustee to make timely the deposits to the credit of the respective accounts in conformity with clauses (i) and (ii) of Section 506(a) of this Article; and
3. Then, in accordance with the provisions of Section 510(a).

(b) The Authority shall transfer from the Operating Account for deposit to the Residual Fund the balance remaining after making the transfers authorized in Section 504(a)-1 to 3, inclusive.

Section 505. Current Expenses. The Authority covenants that the Current Expenses incurred in any Fiscal Year will not exceed the reasonable and necessary amount thereof, and that it will not expend any amount or incur any obligation for maintenance, repair and operation of the Port Facilities in excess of the amounts provided for Current Expenses in the Annual Budget. Nothing contained in this Section shall limit the amount the Authority may expend for Current Expenses in any Fiscal Year provided any amounts expended therefor in excess of the amounts provided for Current Expenses in the Annual Budget shall be received by the Authority from some source other than Gross Revenues, and the Authority shall not make any reimbursement therefor from Gross Revenues.

Section 506. Debt Service Fund. (a) A special fund is hereby created with the Trustee and designated “Virginia Port Authority Revenue Bonds Debt Service Fund” (herein called the “Debt Service Fund”). There are hereby created in the Debt Service Fund separate accounts designated “Debt Service Account” and “Debt Service Reserve Account”.

The money held by the Trustee in the Debt Service Account and the Debt Service Reserve Account shall be held in trust and applied as hereinafter provided and, pending such application, shall be subject to a prior lien and charge in favor of the Holders of the Bonds.

Subject to the provisions of Section 506(d), the Authority shall transfer to the Trustee, monthly, on each Deposit Day, from Net Revenue, in accordance with the provisions of Sections 504(a)-2 of this Resolution, to the extent available, an amount sufficient to make the following deposits to the credit of the Debt Service Account and any Debt Service Reserve Account in the amounts and in the order, respectively, as follows:

(i) to the credit of the Debt Service Account, an amount (or the entire sum if less than the required amount) that will make the amount then to the credit of such Debt Service Account equal to the result obtained:

(A) by dividing the number of monthly Deposit Days that have occurred since the previous Interest Payment Date by the total number of Deposit Days in the period between Interest Payment Dates and multiplying the result by the Interest Requirement for the next succeeding Interest Payment Date,

(B) by dividing the number of monthly Deposit Days that have occurred since the previous Principal Payment Date by the total number of Deposit Days in the period between Principal Payment Dates and multiplying the result by the Principal Requirement for the next succeeding Principal Payment Date, and

(C) by dividing the number of monthly Deposit Days that have occurred since the previous Principal Payment Date by the total number of Deposit Days in the period between Principal Payment Dates and multiplying the result by the Amortization Requirement for the next succeeding Principal Payment Date;

provided, however, in making such deposits, the Trustee may take into account any amounts specified in an Officer's Certificate delivered to the Trustee prior to such Deposit Day of the month (I) as credited to a special account in the Construction Fund, dedicated to pay interest on Bonds and anticipated to be available to pay interest on Bonds on the next Interest Payment Date and (II) as excess moneys to the credit of a Debt Service Reserve Account that are anticipated to be available for transfer to the Debt Service Account in accordance with the provisions of Section 508(a) on or before such ensuing Interest Payment Date and Principal Payment Date; and

(ii) to the credit of each Debt Service Reserve Account, such amount, if any, as shall be necessary to make the amount on deposit therein equal to the applicable Reserve Account Requirement on account of the Series of Bonds then Outstanding for which such Debt Service Reserve Account was established; provided, however, that in the event that subaccounts shall have been established as contemplated by Section 209 and Section 210 in the event that Bonds constituting Balloon Long-Term Indebtedness or Optional Tender Indebtedness have been issued and are Outstanding and deficiencies exist in two or more such subaccounts, such amount available for deposit shall be apportioned among such deficient subaccounts pro rata in accordance with the respective amounts of such deficiencies.

(b) Bond proceeds deposited within the Debt Service Account or transferred from the Construction Fund prior to the last Deposit Day immediately preceding an Interest Payment Date or Interest and Principal Payment Date for the purpose of paying interest or interest and principal on the Bonds shall be held within the Debt Service Account and the Authority shall receive a credit against the transfer required to be made to the Debt Service Account for such month.

(c) If, on any Interest or Interest and Principal Payment Date, the amount to the credit of the Debt Service Account shall be less than required to pay the interest or principal and interest on the Bonds then due, the following transfers shall be made of all or such lesser amount to the credit of such Fund or Account as required to cure the deficiency in the Debt Service Account in the following order, but only after observing the requirements of Section 511(b) with regard to transfers to the Senior Obligations Fund:

- (i) from the Residual Fund;
- (ii) from the Revenue Stabilization Fund, if in existence; and
- (iii) from the Debt Service Reserve Account, if any was established for the applicable Bonds Outstanding, the interest or principal and interest on which is then due.

(d) Notwithstanding anything contained in Section 504(a)-2, if the Trustee shall have received written notice from VIG in the form attached hereto as Schedule 506(d)(1) that an Event of Default or an Event of Non-Appropriation, as those terms are defined in the Senior Documents, has occurred, then from that date forward until the Trustee shall have received a subsequent written notice from VIG in the form attached hereto as Schedule 506(d)(2) that such Event of Default or Event of Non-Appropriation has been cured, the Trustee shall not accept any payment from the Authority from Net Revenue for deposit to the Debt Service Fund.

Section 507. Application of Money in Debt Service Account. (a) Except as otherwise provided in this Resolution, moneys in the Debt Service Account shall be used solely for the payment of the principal of and premium, if any, and the interest on the Bonds and the Trustee shall on each Interest Payment Date withdraw from such moneys and transfer to the Bond Registrar who shall remit by mail or wire transfer to each Holder the amounts required for paying the interest on such Bonds on such date, and on each Principal Payment Date the Trustee shall withdraw from such moneys and transfer to the Bond Registrar who shall set aside in trust the amounts required for paying the principal of the Bonds due on such date. In the case of a directed purchase of Bonds pursuant to this Resolution or otherwise, upon the deposit of cash or Government Obligations (the principal of and the interest on which will be payable at the times and in the amounts required for such purpose) in the Debt Service Account sufficient, together with other amounts available therefor in the Debt Service Account, to make the directed purchase of Bonds, the Trustee covenants and agrees to take and cause to be taken the necessary steps to redeem or purchase such principal amount of Bonds as specified by the Authority; provided, however, that money in the Debt Service Account may be used by the Authority, or the Trustee at the direction of the Authority, for the purchase of Bonds for cancellation only to the extent said moneys are in excess of the amount required for payment of the Bonds theretofore matured or called for redemption and the total amount of interest and principal scheduled to become due on the next succeeding Interest Payment Date or Principal Payment Date, respectively; and provided further that no such purchase shall be made within the period of forty-five (45) days immediately preceding any Interest Payment Date on which the Bonds are subject to call for redemption under the provisions of this Resolution except from moneys other than moneys set aside or deposited for the redemption of Bonds.

(b) The Authority may at any time in any Bond Year, but in no event less than forty-

five (45) days prior any Principal Payment Date on which an Amortization Requirement is to be satisfied by the mandatory redemption of Bonds, direct the Trustee in writing to credit the principal amount of any Term Bond delivered by the Authority to the Trustee for cancellation and of any Term Bond purchased by the Trustee in accordance with the provisions of subsection (a) of this Section 507 in satisfaction of the Amortization Requirement for the Term Bonds of the same Series for such Principal Payment Date.

Section 508. Debt Service Reserve Account. (a) Any Series Resolution may provide for the establishment of a Debt Service Reserve Account for any Series of Bonds Outstanding. Each such Debt Service Reserve Account shall bear a numbered Series designation as may be necessary to distinguish such Debt Service Reserve Account and shall, subject to the other provisions of this Resolution, be maintained in an amount equal to the applicable Reserve Account Requirement, as determined pursuant to the applicable Series Resolution so long as the applicable Series of Bonds shall be Outstanding. Each such account is intended to insure the timely payment of the principal of and interest on the applicable Series of Bonds, and to provide for the redemption of such Series of Bonds prior to their stated maturities. Money in each Debt Service Reserve Account shall be used for the following purposes, and for no other (provided, however, that if sufficient funds have been paid to defease the lien of this Resolution with respect to any Series of Bonds in accordance with Section 1201, or if by reason of authorized replacement or otherwise such Debt Service Reserve Account is no longer required under the terms of the applicable Series Resolution, and there exists no Event of Default with respect to any Series of Bonds, any funds remaining in the Debt Service Reserve Account with respect to such Series may be paid as directed by the Authority):

(i) To prevent a default in the payment of the principal of or interest on the applicable Series of Bonds, by reason of the fact that money in the applicable Debt Service Account is insufficient for such purposes;

(ii) To pay the principal of, premium, if any, and interest on the applicable Series of Bonds in the event that all Outstanding Bonds of such Series be redeemed as a whole; or

(iii) To effect partial redemption of the applicable Series of Bonds; provided that subsequent to said partial redemption, the market value of the cash and securities in such Debt Service Reserve Account shall be not less than the applicable Reserve Account Requirement.

(b) Each Debt Service Reserve Account shall be kept in the complete custody and control of the Trustee and withdrawals from each Debt Service Reserve Account shall be made only by such Trustee, or to the Paying Agent, if the Trustee is not the Paying Agent, in which event the Paying Agent, who shall transmit to a Bondholder of the applicable Series, at such times as may be appropriate the sums required to pay the principal of, premium, if any, and interest on such Series of Bonds.

(c) Money in each Debt Service Reserve Account shall be invested and reinvested by the Trustee at the direction of an Authorized Officer of the Authority in Investment

Obligations. Subject to the remaining provisions of this paragraph (c), the earnings from such investments shall be added to and become a part of the applicable Debt Service Reserve Account. Whenever, and as of any date of calculation, the value of the securities and money in a Debt Service Reserve Account shall exceed the applicable Reserve Account Requirement such excess shall either be used to effect partial redemption of the applicable Series of Bonds, or shall be removed from such Debt Service Reserve Account and transferred into the corresponding Debt Service Account, or shall be transferred to the Construction Fund so long as the Project or Projects financed with such Series of Bonds shall be continuing as directed in writing by the Authority. The payments required of the Authority by the provisions of Section 506 shall be reduced to the extent of any such transfer to the Debt Service Account.

(d) For the purposes of this Resolution, the Authority may meet the Reserve Account Requirement with cash, whether derived from Bond proceeds or otherwise, a Reserve Account Credit Facility, Investment Obligations, or any combination thereof, and may make substitutions therefor; provided that in making any transfers pursuant to subsection (a) of this Section, the Trustee shall first exhaust all such cash and any Investment Obligations (including any proceeds derived from the sale or other disposition thereof) before drawing under any Reserve Account Credit Facility. Any Reserve Account Credit Facility deposited in a Debt Service Reserve Account in satisfaction or partial satisfaction of the Reserve Account Requirement shall be payable (upon the giving of notice as required thereunder) on or before any date that is an Interest Payment Date or a Principal Payment Date or both (for the Series of Bonds for which it was deposited) on which a deficiency exists in a Debt Service Account and shall have a minimum term of not less than six (6) months.

Section 509. Revenue Stabilization Fund. A special fund is hereby created with the Trustee and designated the “Virginia Port Authority Series 2016 Bonds Revenue Stabilization Fund” (the “Revenue Stabilization Fund”). The Revenue Stabilization Fund shall be maintained in an amount not to exceed \$40,000,000.00 (the “Revenue Stabilization Fund Cap”) until the earlier to occur of (x) the date on which the Trustee shall have received an Officer’s Certificate, certifying for the three most recent consecutive Fiscal Years of the Authority following the date on which the Phase II Expansion Completion Date (as such term is defined in the Construction Authority Agreement, dated of even date with this Resolution, by and between the Authority and Virginia International Gateway, Inc.) occurs that Net Revenue has not been less than one hundred twenty-five percent (125%) of the Aggregate Principal and Interest Requirements for each Fiscal Year, or (y) the date on which the 2016 Bonds are no longer Outstanding, at which time all amounts in the Revenue Stabilization Fund shall be released into the Residual Fund. Deposits shall be made to the Revenue Stabilization Fund in an aggregate amount not to exceed the Revenue Stabilization Fund Cap from (i) the sources described in Section 3 of the Series Resolution adopted of even date with this Resolution and (ii) the Residual Fund pursuant to such other resolutions as may be adopted by the Board from time to time. If the Trustee shall have received written notice from VIG in the form attached hereto as Schedule 506(d)(1) that an Event of Default or an Event of Non-Appropriation, as those terms are defined in the Senior Documents, has occurred, then from that date forward until the Trustee shall have received a subsequent written notice from VIG in the form attached hereto as Schedule 506(d)(2) that such Event of Default or Event of Non-Appropriation has been cured,

the Trustee shall not accept any payment from the Authority from Net Revenue for deposit to the Revenue Stabilization Fund.

Section 510. Subordinate Obligations Fund. (a) A special fund is hereby created with one or more Depositories and designated the “Virginia Port Authority Port Facilities Revenue Bonds Subordinate Obligations Fund” (herein called the “Subordinate Obligations Fund”). Pursuant to the provisions of Section 504(a)-3, the Authority shall transfer to the Depository or Depositories for the Subordinate Obligations Fund, in such manner as the Authority shall direct, for deposit to the credit of one or more special accounts in the Subordinate Obligations Fund, an amount that together with funds then held to the credit of the Subordinate Obligations Fund will make the total amount then to the credit thereof equal to any amounts required to be paid or accrued with respect to the Authority’s obligations constituting Subordinate Obligations prior to the Deposit Day of the next succeeding month to or from the Subordinate Obligations Fund.

(b) Moneys held for the credit of the Subordinate Obligations Fund shall be paid out or pledged by the Authority as necessary to enable the Authority to meet its obligations constituting Subordinate Obligations. Subordinate Obligations may be incurred or issued by the Authority for the purpose of paying Current Expenses and all or any part of the costs associated with any Projects or Port Facilities or for any other lawful purpose of the Authority. Subordinate Obligations may also be issued or incurred by the Authority for the purpose of providing funds, with any other available funds, for redeeming prior to their maturity or maturities or for paying at their maturity or maturities all or any part of the Outstanding Bonds of any Series or of any other Indebtedness or any Subordinate Obligations.

(c) The Authority shall have the right to covenant with the holders from time to time of any Subordinate Obligations issued or incurred by the Authority to add to the conditions, limitations and restrictions under which Additional Bonds and Refunding Bonds may be issued under the provisions of Sections 209 and 210, respectively, hereof.

Section 511. Senior Obligations Fund. (a) A special fund is hereby created with one or more Depositories and designated the “Virginia Port Authority Senior Obligations Fund” (herein called the “Senior Obligations Fund”). Pursuant to the provisions of Section 504(a)-1, the Authority shall transfer on each Deposit Day to the Depository or Depositories for the Senior Obligations Fund the amount required for the Authority to meet its next succeeding monthly payment of Senior Obligations.

(b) If on any Deposit Day after making the transfer required by Section 504 the amount to the credit of the Senior Obligations Fund shall be less than required to pay the next succeeding monthly payment of Senior Obligations, then (i) the Authority shall send the Trustee a statement setting forth the amount required to be paid on the next succeeding month to pay the Senior Obligations, the amount on deposit in the Senior Obligations Fund, the amount available for transfer from the Residual Fund and the amount, if any, required to be transferred from the Revenue Stabilization Fund, if one is in existence, and (ii) the following transfers shall be made by the Authority and the Trustee, respectively, of all or such lesser amount to the credit of such Fund as required to cure the deficiency in the Senior Obligations Fund in the following order:

- (i) from the Residual Fund by the Authority; and
- (ii) from the Revenue Stabilization Fund, if in existence, by the Trustee.

Section 512. Residual Fund. A special fund is hereby created with one or more Depositaries and designated the “Virginia Port Authority Port Facilities Revenue Bonds Residual Fund” (herein called the “Residual Fund”). Pursuant to the provisions of Section 504(b), the Authority shall transfer to the Depository or Depositaries for the Residual Fund, excess moneys remaining in the Operating Account on each Deposit Day in such manner as the Authority shall direct.

(1) The Authority may use, pledge or encumber moneys held to the credit of the Residual Fund, for any lawful purpose of the Authority or may, subject to any such pledge or encumbrance, from time to time transfer or deposit to the credit of any Fund or Account created under the provisions of this Resolution, any moneys held for the credit of the Residual Fund, as directed in a resolution duly adopted by the Board.

(2) The Authority shall have the right to covenant with the holders from time to time of any obligations issued by the Authority for the payment of which the moneys in or from the Residual Fund are pledged to add to the conditions, limitations and restrictions under which any Additional Bonds may be issued and Parity Indebtedness incurred or refunded under the provisions of Sections 209 and 210, respectively, and Subordinate Obligations issued and incurred under the provisions of Section 510, hereof.

Section 513. Derivative Indebtedness. For purposes of the calculation of Principal and Interest Requirements and generally for any other purposes of this Resolution, the following rules shall apply with respect to Derivative Indebtedness: For so long as (A) the long-term debt of the provider or guarantor (“Counterparty”) of the Derivative Agreement is rated by Moody’s or S&P in a rating category that is equal to or higher than the rating category in which the Derivative Indebtedness is rated or (B) if the Derivative Indebtedness is rated in the highest rating category by both Moody’s and S&P and the Derivative Agreement with respect to such Derivative Indebtedness is with a Counterparty whose long-term debt is rated in one of the two highest rating categories maintained by Moody’s or S&P, and the Counterparty has not defaulted under such Derivative Agreement, the interest on such Derivative Indebtedness during any Derivative Period shall be calculated by adding (1) the amount of interest payable by the Authority on such Derivative Indebtedness pursuant to its terms and (2) the amount of the Regularly Scheduled Payments payable by the Authority under the Derivative Agreement and subtracting therefrom the amount of the Regularly Scheduled Payments payable by the Counterparty at the rate specified in the Derivative Agreement; provided, however, that during any period when the conditions of clause (A) or (B) above, as the case may be, are not satisfied with respect to any Derivative Indebtedness, the amount of interest payable by the Authority with respect to Principal and Interest Requirements shall be calculated as if the related Derivative Agreement were not in force. The Regularly Scheduled Payments due to the Counterparty on a Derivative Agreement shall be on a parity with the Principal and Interest Requirements and shall be payable out of the Debt Service Account. Any amounts received by the Authority from such Counterparty shall not be deemed to be Gross Revenues, but all such receipts and the right to receive the same are hereby irrevocably pledged as security for all Bonds and shall, upon receipt,

be deposited to the Debt Service Account. The Authority may enter into any Derivative Agreement whether or not the Authority, on the date such Derivative Agreement is entered into, meets the financial covenant required to issue Additional Bonds in such amount under Section 209 hereof. The Authority shall not enter into any Derivative Agreement unless it shall have first obtained the opinion of Bond Counsel to the effect that such Agreement is a valid and binding obligation of the Authority. Any Non-Scheduled Payment payable by the Authority in connection with the termination of any Derivative Agreement shall be payable as a Subordinate Obligation. "Rating categories" for purposes of this Section means categories maintained by Moody's or S&P without regard to any refinement or gradation by numerical modifier or otherwise.

Section 514. Money Held in Trust. All money set aside or deposited with the Bond Registrar or the Paying Agents for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or by purchase or call for redemption or for the purpose of paying interest thereon, shall be held in trust for the respective Holders of such Bonds. Any money which shall be so set aside or deposited and which shall remain unclaimed by the Holders of such Bonds for a period of three (3) years after the date on which such Bonds shall have become payable shall be paid to the Authority, or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the Holders of such Bonds shall look only to the Authority, or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received, without any interest thereon, and the Trustee, the Bond Registrar and the Paying Agents shall have no responsibility with respect to such money.

Section 515. Cancellation of Bonds. All Bonds paid, redeemed or purchased, either at or before maturity, shall be delivered to the Bond Registrar when such payment, redemption or purchase is made, together with all unmatured coupons, if any, appertaining thereto, and such Bond shall thereupon be canceled. The Bond Registrar shall certify to the Authority and the Trustee the details of all Bonds so canceled. All Bonds canceled under any of the provisions of this Resolution shall be destroyed by the Bond Registrar in accordance with its record retention policy then in effect.

ARTICLE VI.
DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 601. Security for Deposits. All money deposited with the Trustee or any Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured by such Depository, for the benefit of the Authority and holders of the Bonds, in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia of 1950, as amended), or any successor provision of law; provided, however, that it shall not be necessary for the Bond Registrar or any Paying Agent to give security for the deposit of any money with it for the payment of the principal of or redemption premium or the interest on any Bonds issued hereunder, or for any Depository to give security for any money which shall be represented by Government Obligations or by Investment Obligations.

Section 602. Investment of Money. Moneys held for the credit of all funds and accounts under this Resolution shall be continuously invested and reinvested by the Trustee or the Depository thereof at the direction of the Authority as specified or confirmed by an Officer's Certificate.

Moneys held for the credit of each special account in the Construction Fund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations, which shall mature, or which shall be subject to redemption at the option of the holder thereof, not later than the date, estimated by the Authority on the Closing Date, to be the Completion Date of the related Project. Any moneys held for the credit of a special account in the Construction Fund at the Completion Date of the related Project or thereafter shall, as nearly as may be practicable, be invested and reinvested in Government Obligations which shall mature or which shall be subject to redemption at the option of the holder thereof, not later than one year after the date of such investment.

Moneys held for the credit of the Debt Service Account shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations, which obligations shall mature, or which shall be subject to redemption at the option of the holder thereof, not later than the respective dates when the moneys held for the credit of the Debt Service Account will be required for the purposes intended.

Moneys held for the credit of each Debt Service Reserve Account shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations, which obligations shall mature, or shall be subject to redemption at the option of the holder thereof, not later than the earlier of (i) the final maturity of the Series of Bonds Outstanding for which such Debt Service Reserve Account was established, or (ii) five years from the date of acquisition.

Money held for the credit of the Operating Account and the Residual Fund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations which shall mature, or which shall be subject to redemption at the option of the holder thereof; not later than the respective dates when the money held for the credit of each of the Operating Account and the Residual Fund is anticipated to be required for the purposes intended.

Investment Obligations so purchased shall be deemed at all times to be a part of the Fund or Account to which was credited the money with which they were purchased, and the interest accruing thereon and any profit realized or any loss resulting from the investment of money shall be credited to, or charged against, the respective Fund or Account. The Trustee and the Depositories shall sell at the best price obtainable or present for redemption or for payment any such Investment Obligations whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money from any such Fund or Account. The Trustee and the Depositories shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of moneys between two or more of the Funds or Accounts established pursuant to Article V of this Resolution is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article, provided that the Investment Obligations are those in which moneys of the receiving Fund or Account could be invested at the date of such transfer.

A forward contract of the Authority to invest in Investment Obligations on a “delivery versus payment” basis shall be considered an investment in the Investment Obligations that are the subject to such contract.

Section 603. Valuation. For the purpose of determining the amount on deposit to the credit of any such Fund or Account, obligations in which money in such Fund or Account shall have been invested shall be valued (i) at original cost if the investment held in the Fund or Account is one year or less or (ii) at its fair market value if the investment held in the Fund or Account exceeds one year.

The Trustee and the Depositories shall value the Investment Obligations in the Funds and Accounts established under this Resolution on the Deposit Day next preceding each Interest Payment Date, immediately prior to making the transfers contemplated by Sections 504 and 602. In addition, the Investment Obligations shall be valued by the Trustee and the Depositories at any time requested by the Authority on reasonable notice (which period of notice may be waived or reduced by the Trustee or any Depositories); provided, however, that the Trustee and the Depositories shall not be required to value the Investment Obligations more than once in any calendar month.

**ARTICLE VII.
PARTICULAR COVENANTS**

Section 701. Payment of Principal, Interest and Premium and Pledge of Revenues. The Authority covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of this Resolution at the places, on the dates and in the manner provided herein and in said Bonds, and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof. Such Bonds shall be secured by a lien on, security interest in and pledge of Net Revenue, subject and subordinate to the prior payment therefrom of Senior Obligations, and other money and the funds and accounts created under this Resolution, and the Authority hereby pledges such Net Revenue, subject and subordinate to the prior lien and security interest thereon created under the Senior Documents, and other moneys and funds and accounts to the equal and ratable security of all Bonds issued under this Resolution, without preference, priority or distinction, except as to any difference in maturity, interest rate or provisions for redemption and except for such differences, if any, respecting the use of moneys in each of the Debt Service Reserve Accounts, of any one Bond over any other Bond by reason of priority in their issue, sale or otherwise.

The Authority further covenants that it will faithfully perform at all times all of its covenants, undertakings and agreements contained in this Resolution, or in any Bond executed, authenticated and delivered hereunder or in any proceedings of the Board pertaining thereto. The Authority represents and covenants that it is duly authorized under the Constitution and laws of the Commonwealth, particularly the Act, to issue the Bonds authorized hereby and to pledge such Net Revenue in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds initially issued hereunder has been duly and effectively taken; and that such Bonds in the hands of the Holders thereof are and will be valid and enforceable limited obligations of the Authority according to their terms.

The Bonds and Parity Indebtedness shall not be deemed to constitute a debt of the Commonwealth or of any political subdivision thereof. Neither the Commonwealth nor the Authority shall be obligated to pay the Bonds, the Parity Indebtedness or the interest thereon except from Net Revenue, and neither the faith and credit nor the taxing power of the Commonwealth or of any political subdivision thereof is pledged to the payment of the principal of or the interest on such Bonds or Parity Indebtedness. The Authority has no taxing power. Payment of the principal of, premium, if any, and interest on the Bonds and Parity Indebtedness is subject to appropriation by the General Assembly of the Commonwealth.

Section 702. Covenant to Complete Projects. The Authority covenants that it will forthwith proceed to complete the acquisition and installation of each Project substantially in accordance with the contracts, plans and specifications therefor, and otherwise in conformity with law and all requirements of all governmental authorities having jurisdiction and this Resolution, that it will use all reasonable efforts to insure that the acquisition and installation of each Project is done in good and workmanlike manner, and that it will complete such construction with all expedition practicable.

The Authority further covenants that 100% performance and payment bonds in connection with contracts for the provision of each Project shall be required by the Authority, and that it will require each contractor to carry such workman's compensation or employers' liability and property damage insurance, including provisions to indemnify and save the Authority harmless, and such builders' risk insurance, if any, as shall be recommended by the Engineer. The Authority further covenants that, in the event of any default under any such contract and the failure of the surety to complete the contract, the proceeds of such surety bonds will forthwith, upon receipt of such proceeds, be deposited to the credit of the appropriate account in the Construction Fund and will be applied toward the completion of the contract in connection with which such surety bonds shall have been furnished.

Section 703. Covenant Against Encumbrances. With the exception of any lien or encumbrance created by VIG on VIGT, the Authority covenants that it will not voluntarily create or suffer to be created any lien or encumbrance upon the Port Facilities or any part thereof (with the exception of any lien or encumbrance on property financed with Nonrecourse Indebtedness, including purchase money security interests or liens granted with respect to personal property or operating equipment, and to the extent permitted by the Act, real property, to be acquired for use in connection with the Port Facilities, and any lien or encumbrance that does not materially impair the operation of the Port Facilities in the opinion of the Management Consultant and that is otherwise permitted by the Act) or upon Net Revenue, with the exception of the lien on Net Revenue created by the Senior Documents, and other money pledged under this Resolution superior to or on a parity with the pledge and lien for the security of the Bonds and Parity Indebtedness.

Section 704. Removal or Disposition of Property. Real or personal property constituting a part of the Port Facilities, other than VIGT, shall not be removed or disposed of by the Authority except in accordance with the provisions of this Section. Removal or disposition of real or personal property located at VIGT shall be governed solely by the Senior Documents and not by this Resolution. If the Authority in its sole discretion determines that any real property, structure, furnishings, machinery, equipment or other improvement constituting a part of the Port Facilities, other than VIGT, has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary and that its demolition or removal will not impair the structural soundness, efficiency or the economic value of the Port Facilities, other than VIGT, the Authority may demolish or remove, or may cause the demolition or removal of such property from the Port Facilities, other than VIGT, and may, to the extent permitted by law, sell, trade in, exchange or otherwise dispose of the same or cause the same to be sold, traded in, exchanged or otherwise disposed of, in whole or in part; provided, however, that in the event the depreciated value of such property shall exceed Five Million Dollars (\$5,000,000) in any Fiscal Year:

(a) the Authority shall, at its own cost and expense, contract, install, replace or substitute real property, structures, furnishings, machinery, equipment or other improvements having a usefulness to the operation of the Port Facilities, other than VIGT, (but not necessarily the same function), at least equal to the usefulness, prior to demolition, removal or disposal of the property demolished, removed or disposed of; or

(b) the Authority shall deliver to the Trustee an Officer's Certificate as to the estimated fair market value of the real property, structure, furnishings, machinery, equipment or improvement to be demolished, removed or disposed of and either

(i) a copy of a report by a qualified engineer, employed by the Authority, determining that the property to be demolished, removed or disposed of has become obsolete, inadequate, worn out, unsuitable, undesirable or unnecessary or its disposal is in the best interests of the Authority's or Port Operator's operation of the Port Facilities, other than VIGT, and that its demolition, removal or disposal will not impair the structural soundness, efficiency or the economic value of the Port Facilities, other than VIGT, and shall promptly pay into the Debt Service Account an amount equal to the net proceeds, if any, received by the Authority as a result of such demolition, removal or disposal or

(ii) a report of the Management Consultant setting forth his estimate of the Net Revenue and Adjusted Net Revenue of the Authority for the next two (2) complete Fiscal Years after the date of the report and an Officer's Certificate of the Authority showing that for each such Fiscal Year the estimated Aggregate Net Revenue for the most recent Fiscal Year, Aggregate Adjusted Net Revenue for each such Fiscal Year and Net Revenue for each such Fiscal Year will be sufficient for the Authority to comply with its covenants contained in Section 501(a).

This Section is not meant to limit the demolition, disposition or removal of any real property, structure, furnishings, equipment or other improvement if such demolition, disposition or removal takes place in connection with the acquisition and construction of a Project.

Section 705. Employment of Engineer. The Authority covenants that it will for the purpose of performing and carrying out the duties imposed on the Engineer by this Resolution, employ or cause to be employed during the acquisition, construction and installation of any Project an Engineer having a favorable repute for skill and experience in such work. The Engineer so employed need not be the same for each Project.

Section 706. Employment of Management Consultant. The Authority covenants that it will, if and when required for the purpose of performing and carrying out the duties imposed by this Resolution, employ or cause to be employed a professional management consultant knowledgeable in the operation of marine terminal facilities and having a favorable national repute for skill and experience in such work (the "Management Consultant").

Section 707. Insurance Provisions. The Authority covenants that it or the Port Operators shall carry or cause to be carried dishonesty bonds (blanket protection) on all officers and employees of any Port Operator who collects or has custody of or access to any of the Gross Revenue or Net Revenue, such bonds or insurance to be in amounts commensurate with the amounts and risks involved but not in any event less than \$25,000 for any officer or employee. Any amount recovered under such dishonesty bonds shall be applied in making up any deficiency or shortage in the Gross Revenue or Net Revenue required to be deposited to the credit of the particular Fund or Accounts adversely affected by the dishonesty respecting which such amount is recovered.

The Authority further covenants that it will cause the Port Facilities, at all times to be insured against such risks as are customarily insured against in connection with the operation of marine terminal facilities of a type and size comparable to the Port Facilities and that the

Authority will carry and maintain, or cause to be carried and maintained with financially responsible insurers, and pay or cause to be paid timely the premiums for, at least the following insurance with respect to the Port Facilities when and as such insurance is commercially available; provided that such appropriate co-insurance clause percentage and level of deductibles may be established as are obtainable, considering adequate coverage levels and premiums payable.

The Authority may establish certain maximum levels of insurance for which the Authority may self-insure. Such maximum levels of insurance shall be in amounts set by the Authority, taking into account any recommendations of an insurance consultant who is of favorable reputation and experience and is qualified to survey risks and to recommend insurance coverage for public entities engaged in operating facilities similar to the Port Facilities.

Section 708. Insurance Companies and Policies. The Authority covenants that each insurance policy required by Section 707 hereof (i) shall be by such insurance company or companies as are financially responsible and of recognized standing, (ii) shall be in such form and with such provisions (including, without limitation, the loss payable clause, the waiver of subrogation clause, relieving the insurer of liability to the extent of minor claims and the designation of the named insureds) as are generally considered standard provisions for the type of insurance involved, (iii) shall name as insureds all Port Operators, the Authority and the Commonwealth as their respective interests may appear, and (iv) shall prohibit cancellation or substantial modification by the insurer without at least thirty (30) days prior written notice to the Authority, each Port Operator and the Attorney General of the Commonwealth. All insurance policies shall be subject to rules and regulations promulgated under the insurance laws of the Commonwealth.

In case of any default by the Authority in fulfilling its covenants with respect to causing to be maintained by its Port Operators or any other lessee or operator any of the above-mentioned insurance policies, the Authority shall obtain and cause to be placed in effect any such insurance in its name and any premiums required to obtain such insurance may be paid from money in the Operating Account.

Section 709. Insurance Claims. All insurance policies referred to in this Article shall be open at all reasonable times to the inspection of the Trustee and the Treasurer of the Commonwealth and their agents and representatives and shall be retained for or by the Authority. The Authority in its own name may demand, collect, sue and receipt for any insurance money which may become due and payable under any policies of insurance required hereunder if any Port Operator shall have failed to do so within thirty (30) days after the receipt of written notice from the Authority or the Trustee. The Trustee shall not in any way be liable or responsible for the collection of insurance money in case of any loss or damage.

Section 710. Covenant as to Damaged or Destroyed Property. Subject to the provisions of Section 704, if any part of the Port Facilities is destroyed or damaged by fire or other casualty, the Authority shall promptly replace, repair, rebuild or restore, or cause to be replaced, repaired, rebuilt or restored, the property damaged or destroyed to substantially its same condition as prior to such damage or destruction, with such alterations and additions as the Authority may determine as will not impair the capacity or character of the Port Facilities for the purpose for which it is being used or is intended to be used, applying so much as may be

necessary of the net proceeds of insurance received by it on account of any such damage or destruction or of the Authority's other funds to payment of the cost of such replacement, repair, rebuilding or restoration to the extent practicable.

Section 711. Recording and Filing. The Authority covenants that it will cause any financing statements to be kept, recorded and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the holders and owners of the Bonds hereunder.

Section 712. Further Instruments and Actions. The Authority covenants that it will, from time to time, execute and deliver such further instruments and take such further actions as may be required to carry out the purposes of this Resolution.

Section 713. Authority Audits. For the purpose of causing to be performed and carried out the duties imposed on the Accountant under this Resolution, the Authority covenants that it will employ or cause to be employed as the Accountant the Auditor of Public Accounts of the Commonwealth or, if then permitted by law, a firm of independent certified public accountants having a favorable repute for skill and experience in such work.

The Authority further covenants that within one hundred twenty (120) days after the close of each Fiscal Year, it will cause an audit to be made by the Accountant of the books and accounts of the Authority relating to the Port Facilities for such Fiscal Year. Within one hundred eighty (180) days after the close of each Fiscal Year, reports of each such audit for such Fiscal Year shall be filed with the Trustee and copies of such audit report shall be mailed or caused to be mailed by the Authority to the Governor of the Commonwealth. Each such audit report shall state that the audit has been conducted in conformity with generally accepted auditing standards and shall set forth:

- (a) a statement of net positions of the Authority with respect to the Port Facilities; and
- (b) a statement of revenues, expenses and changes in net position of the Authority with respect to the Port Facilities.

The Authority further covenants that it will cause any additional reports or audits relating to the status of each fund and account created under this Resolution and to the Port Facilities to be made as required by law and that upon request it will furnish to the Governor, the Treasurer of the Commonwealth and the Trustee such other information concerning the Port Facilities or any part thereof as any of them may reasonably request.

Section 714. No-Default Certificate. The Authority covenants that it will deliver to the Trustee within one hundred eighty (180) days after the close of each Fiscal Year, a certificate signed by the Chairman of the Board and the Executive Director of the Authority stating that during such Fiscal Year, and as of the date of such certificate, no event or condition has happened or existed, or is happening or existing, which constitutes, or which, with notice or lapse of time or both, would constitute, an Event of Default, or if any such event or condition has happened or existed, or is happening or existing, specifying the nature and period of such event

or condition and what action the Authority has taken, is taking or proposes to take with respect thereto.

Section 715. Covenant as to Revenues. The Authority covenants that none of the Gross Revenue or Net Revenue or any other money pledged under this Resolution will be used for any purpose other than as provided in or permitted by this Resolution, and no contract or contracts will be entered into or any action taken which shall be inconsistent with the provisions of this Resolution.

Section 716. Maintenance of Port Facilities. The Authority covenants that it shall, from Gross Revenues or other funds made available therefor, or shall cause the Port Operators, at all times during which Bonds are Outstanding under this Resolution, to keep and maintain the Port Facilities in a good state of repair and preservation, ordinary wear and tear, obsolescence in spite of repair, and acts of God excepted. The Authority covenants that it will not permit, commit or suffer any waste of the whole or any part of the Port Facilities and shall not use or permit the use of the Port Facilities or any part thereof for any unlawful purpose or permit any nuisance to exist thereon.

The Authority covenants that it shall provide at its own cost and expense from Gross Revenues, or other funds made available therefor, or cause to be provided, to the extent not included within the scope of a Project, all equipment, furnishings, supplies and other personal properties required or convenient for the proper operation, repair and maintenance of the Port Facilities in an economical and efficient manner, consistent with standards of operation and maintenance generally acceptable for marine terminal facilities comparable to Port Facilities.

Section 717. Operation of Port Facilities. The Authority covenants that it shall use, maintain and operate, or cause to be used, maintained and operated, the Port Facilities at all times during which Bonds are Outstanding under this Resolution as marine terminal facilities or facilities functionally related and subordinate thereto.

Section 718. Port Operators. Subject to the provisions of Section 719(c), the Authority covenants that it shall cause each Port Operator and its Subsidiaries:

(a) annually, prior to or simultaneously with the adoption by the Authority of its Annual Budget referred to in Section 502, to adopt an Annual Budget, that has been previously approved by the Authority, not inconsistent with the provisions of the Authority's Annual Budget and, from time to time, to revise and amend such Port Operator's, or its Subsidiaries', Annual Budget so as not to be inconsistent with the Authority's Annual Budget as revised and amended from time to time in accordance with the provisions of Section 502;

(b) to deposit the Gross Revenues of the Port Operator and its Subsidiaries with one or more Depositories as soon as practicable after the receipt thereof and monthly, not later than the 20th day of such month provided such payment may be made on the next succeeding Business Day if the 20th day of any month is not a Business Day (each a "Port Operator Payment Date"), to pay to the Authority the entire amount of Gross Revenues of the Port Operator and its Subsidiaries for the prior month, less the sum of (i) an amount sufficient to pay the Current Expenses of the Port Operator and its Subsidiaries for such prior month (both Gross Revenues and Current Expenses to be computed on a cash basis), (ii) as a reserve for the Port Operator's

and its Subsidiaries' Current Expenses, an amount, subject to the provisions of subsection (d) of this Section 718, that when added to amounts already held in reserve shall make the balance equal to the sum of (i) one-twelfth (1/12th) of the Port Operator's and its Subsidiaries' then budgeted Current Expenses for such Fiscal Year, plus (ii) one twelfth (1/12th) of the Port Operator's and its Subsidiaries' then budgeted Port Operator Capital Expenditures for the Fiscal Year (each a "Port Operator Liquidity Reserve Requirement"); provided, however, that any deficiency in any Port Operator Liquidity Reserve Requirement (each a "Port Operator Liquidity Reserve Requirement Shortfall") shall be restored on a monthly basis over a period of up to thirty-six (36) months beginning in the month after the Port Operator Liquidity Reserve Requirement Shortfall occurs. Such amount as determined by the Port Operator or its Subsidiary, and approved by the Authority, shall be no less than one thirty-sixth (1/36th) of the Liquidity Reserve Requirement Shortfall (each such monthly restoration amount, a "Liquidity Reserve Requirement Restoration Amount"). Notwithstanding the foregoing, a Port Operator Liquidity Reserve Requirement Shortfall may be restored in full by the Port Operator or its Subsidiary at any time with the Authority's approval. Further, a Port Operator Liquidity Reserve Requirement Shortfall may be recalculated and combined with any additional subsequent Port Operator Liquidity Reserve Requirement Shortfall by the Port Operator or its Subsidiary, if approved by the Authority provided that the recalculation of the Port Operator Liquidity Reserve Requirement Restoration Amount shall not extend the restoration of any Port Operator Liquidity Reserve Requirement Shortfall beyond the original permitted thirty-six month period. On the adoption of each Annual Budget for the Port Operator and its Subsidiaries, if the new Port Operator Liquidity Reserve Requirement is greater than the prior year's Port Operator Liquidity Reserve Requirement, the difference shall be considered a Port Operator Liquidity Requirement Reserve Shortfall for the first Measurement Period to which the Annual Budget applies and shall be restored within the first three months of the Fiscal Year to which the Annual Budget relates. If such Port Operator Liquidity Reserve Requirement Shortfall is not restored in full in such three-month period, then it shall be restored in accordance with the procedures for a Port Operator Liquidity Reserve Shortfall stated above. On the adoption of each Annual Budget for the Port Operator and its Subsidiaries, if the new Port Operator Liquidity Reserve Requirement is less than the prior year's Port Operator Liquidity Reserve Requirement, the excess amount of funds will be considered Gross Revenue for the first Measurement Period in the Fiscal Year to which the new Annual Budget applies;

(c) annually, within ninety (90) days after the close of the Port Operator's Fiscal Year to cause an audit to be made by a firm of independent public accountants of the books and accounts of the Port Operator, on a consolidated basis with all of its Subsidiaries, for such Fiscal Year and to file immediately after the receipt of such audit report copies with the Authority and the Trustee, such audit report to state that it has been prepared in accordance with generally accepted auditing standards;

(d) not to incur any Indebtedness; provided, however, that this prohibition shall not be construed to restrain any Port Operator or its Subsidiaries from substituting an "Eligible Credit Facility" for up to and including fifty percent (50%) of the Port Operator Liquidity Reserve Requirement and entering into a revolving loan agreement, reimbursement agreement or other credit agreement with the provider of the Eligible Credit Facility by the terms of which the Port Operator may be obligated to repay any draw(s) on the Eligible Credit Facility on the same terms as it would restore a Port Operator Liquidity Reserve Requirement Shortfall and to agree and arrange with the Authority for the payment of any fees or expenses associated with the

obtaining or maintaining the Eligible Credit Facility and interest or other expenses due and payable by the Port Operator under such revolving credit agreement, reimbursement agreement or other credit agreement from funds available to the Authority in the Residual Fund. For purposes of this Section 718(d), “Eligible Credit Facility” means a revolving loan facility, standby letter of credit or other credit facility issued in favor of the Port Operator by a United States bank or financial institution or foreign bank or financial institution with a United States branch having a long-term senior rating of no less than “A3” from Moody’s and “A-” from S&P. If the provider of the Eligible Credit Facility for any reason does not maintain a long-term senior rating as required above, the Port Operator shall do one of the following: (i) cancel the ineligible credit facility and replenish the Port Operator Liquidity Reserve Requirement in cash in accordance with the requirements of this Resolution over such period of time as the Port Operator or its Subsidiary shall determine with the approval of the Authority but in no event longer than thirty-six months, (ii) replace the ineligible credit facility with an Eligible Credit Facility or (iii) draw on the ineligible credit facility and repay the amount so drawn to the issuing bank or financial institution over such period of time as the Port Operator or its Subsidiary shall determine with the approval of the Authority but in no event longer than thirty-six months;

(e) to observe the covenants of the Authority under this Resolution and to the extent delegated by the Authority the responsibilities of the Authority under this Resolution to carry out the covenants of the Authority correlative to such responsibilities; and

(f) not to take any action inconsistent with the provisions of this Resolution or the covenants of the Authority or of the Authority on behalf of its Port Operators under this Resolution.

The Authority shall not approve any Annual Budget of a Port Operator or its Subsidiaries unless the Authority shall determine that such Annual Budget is not inconsistent with the Authority’s Annual Budget for such Fiscal Year and the terms of this Resolution and the Port Operator Agreements.

Section 719. Additional Financial Covenants of the Authority. The Authority covenants that:

(a) After the date of the original adoption of this Resolution, the Authority will not incur any further Indebtedness (with the exception of Subordinate Obligations), except pursuant to Sections 208, 209, 210 and 720.

(b) The Authority shall adopt and maintain a five-year or longer capital improvement plan for land acquisition and capital construction, improvements, replacements, reconstruction and additions necessary, in the judgment of the Authority, to maintain and strengthen the competitive position of the Authority and its Port Facilities. Such plan shall identify proposed funding sources. Annually, the Authority shall develop and adopt a capital budget that shall contain all the proposed capital expenditures to be made by the Authority or Port Operators, as agent(s) for the Authority, for the benefit of the Port Facilities during the next succeeding Fiscal Year and the funding sources therefor.

(c) The Authority reserves the right to terminate the Port Operator Agreements in accordance with their terms. The Authority covenants that if the Authority shall terminate the

Port Operator Agreements in accordance therewith, the Authority shall either assume and perform to the extent permitted by law all operations of the Port Facilities or retain another person to assume such operations; provided, however, that in the event of any such termination and assumption, no such other person shall be so retained unless the Authority shall first provide the Trustee with an opinion of Bond Counsel to the effect that such retention will not have an adverse effect on the tax status of the Bonds.

Section 720. Parity Indebtedness. (a) The Authority may incur Parity Indebtedness for the purposes set forth in Section 209 of this Agreement and refund Bonds and Parity Indebtedness in the manner set forth in Section 210 of this Agreement, provided that the documents providing for such Parity Indebtedness shall specify the amounts and due dates of the Principal and Interest Requirements of such Parity Indebtedness, the Authority shall cause such documents to be filed with the Trustee and shall certify to the Trustee that all the requirements of Section 209 or Section 210, as appropriate, of this Resolution shall have been met the same as if such Parity Indebtedness to be incurred were an additional Series of Bonds to be issued under the provisions of Section 209 or 210, respectively. Parity Indebtedness shall be secured with Bonds issued under this Resolution, pari passu, by the pledge of Net Revenue under Section 701 of this Resolution. Parity Indebtedness shall be treated by the Trustee equally with Bonds for the purposes of Article VIII of this Resolution.

(b) The Authority covenants that it will faithfully fulfill all lawful requirements of all contracts or agreements creating such Parity Indebtedness and that it will require all other parties thereto to fulfill their lawful obligations thereunder.

Section 721. Covenants with Credit Providers. The Authority may make such covenants as it may in its sole discretion determine to be appropriate with any Credit Bank or Insurer that shall agree to insure or to provide a Credit Facility, Reserve Account Credit Facility or Bond Insurance for Bonds of any one or more Series that shall enhance the security of such Bonds or that is expressly authorized by the provisions of Section 508(d) of this Resolution. Such covenants may be set forth in or provided for by a Supplemental Resolution and shall be binding on the Authority, the Trustee, the Bond Registrar, the Paying Agents, the Depositories and all the holders of Bonds the same as if such covenants were set forth in full in this Resolution.

Section 722. Covenant Against Incurrence of Additional Senior Obligations. The Authority shall not incur any Indebtedness, other than the Senior Obligations, which are secured by any lien on Gross Revenues prior to or superior to the lien in favor of the Holders under this Resolution. The Authority shall not enter into any amendment of the Senior Documents that increases the amount of the Senior Obligations secured by and payable from Gross Revenues.

**ARTICLE VIII.
REMEDIES**

Section 801. Events of Default. Each of the following events is hereby declared an “Event of Default”, that is to say, if

(a) payment of any installment of interest on any of the Bonds, or Parity Indebtedness, shall not be made when the same shall become due and payable; or

(b) payment of the principal or of the redemption premium, if any, of any of the Bonds, or Parity Indebtedness, shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption, whether optional or pursuant to an Amortization Requirement, or otherwise; or

(c) the Authority shall: (i) become insolvent or the subject of insolvency proceedings; or (ii) be unable, or admit in writing its inability, to pay its debts as they mature; or (iii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its property; or (iv) file a petition or other pleading seeking reorganization, composition, readjustment or liquidation of assets or requesting similar relief; or (v) apply to a court for the appointment of a receiver for any of its assets; or (vi) have a receiver or liquidator appointed for any of its assets (with or without the consent of the Authority) and such receiver shall not be discharged within 90 consecutive days after his appointment; or (vii) become the subject of an ‘order for relief’ within the meaning of the United States Bankruptcy Code; or (viii) file an answer to a creditor’s petition admitting the material allegations thereof for liquidation, reorganization, readjustment or composition or to effect a plan or other arrangement with creditors or fail to have such petition dismissed within sixty (60) consecutive days after the same is filed against the Authority; or

(d) the Authority shall default in the due and timely performance of any of the covenants, conditions, agreements and provisions contained in the Bonds, Parity Indebtedness, or in this Resolution or any resolution supplemental hereto on the part of the Authority to be performed, and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority, by the Trustee or the Holders of not less than a majority in aggregate principal amount of the Bonds, and Parity Indebtedness, hereby secured and then Outstanding.

The foregoing provisions of subsection (d) of this Section are subject to the following limitations: if by reason of force majeure, the Authority is unable in whole or in part to carry out any of its agreements herein contained, the failure of the Authority to carry out any such agreements, other than the obligations on the part of the Authority contained in Section 502 and 707 of this Resolution, shall not be deemed an Event of Default during the continuance of such inability, including a reasonable time for the removal of the effect thereof.

The term “force majeure” shall mean any cause, circumstance or event that is not reasonably foreseeable and that is not within the control of the Authority, including, without limitation, the following: acts of God; strikes, lockouts or other industrial disturbances; acts of

public enemies; orders or restraints of any kind of the government of the United States or of the Commonwealth or any of their departments, agencies, political subdivisions or officials, or any civil or military authority, including Governmental Restrictions; war; cyber-attacks; terrorist attacks; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; droughts; floods; washouts; arrests; restraint of government and people; explosions, breakage, malfunction of or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; or shortages of or inability to obtain labor, materials, supplies or transportation.

The Authority agrees, however, to use commercially reasonable efforts to remedy with all reasonable dispatch any force majeure preventing it from carrying out its agreements; provided, that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the Authority, and the Authority shall not be required to make settlement of strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Authority unfavorable to the Authority.

Section 802. Acceleration of Maturities. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds and Parity Indebtedness then Outstanding shall, by a notice in writing to the Authority, declare the principal of all of the Bonds and Parity Indebtedness then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds, the Parity Indebtedness or in this Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds and Parity Indebtedness shall have been so declared to be due and payable, and before the entry of the final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Resolution, money shall have accumulated in the Debt Service Fund sufficient to pay the principal of all matured Bonds and Parity Indebtedness and all arrears of interest, if any, upon all Bonds and Parity Indebtedness then Outstanding (except the principal of any Bonds and Parity Indebtedness not then due and payable by their terms and the interest accrued on such Bonds and Parity Indebtedness since the last Interest Payment Date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, if any, and all other amounts, if any, then payable by the Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default in the observance or performance of any covenant, condition or agreement contained in the Bonds, the Parity Indebtedness or in this Resolution (other than a default in the payment of the principal of such Bonds or Parity Indebtedness then due only because of a declaration under this Section) shall have been remedied, then and in every such case the Trustee shall, by written notice to the Authority, rescind and annul such declaration and its consequences, but no rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Section 803. Enforcement of Remedies. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the Holders of not less than a majority in principal amount of the Bonds and Parity Indebtedness Outstanding shall, proceed to protect and enforce the rights of the Holders under

the laws of the Commonwealth or under this Resolution by such suits, actions or special proceedings in equity or at law, or by proceedings in the office having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as it, with the advice of counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Resolution, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Authority for principal, interest or otherwise under any of the provisions of this Resolution or of the Bonds or Parity Indebtedness and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such Bonds or Parity Indebtedness, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds or Parity Indebtedness, without prejudice to any other right or remedy of the Holders, and to recover and enforce any judgment or decree against the Authority, but solely as provided herein and in such Bonds or Parity Indebtedness, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from money in the Debt Service Fund and from Net Revenue, subject to the prior lien on Net Revenue created by the Senior Documents, of the Port Facilities or other money lawfully available therefor) in any manner provided by law, the money adjudged or decreed to be payable.

All rights of action (including, but not limited to the right to file proof of claims) under this Resolution or under any of the Bonds or Parity Indebtedness may be enforced by the Trustee without possession of any of the Bonds or the Parity Indebtedness or the production thereof, in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee without the necessity of joining as plaintiffs or defendants any Holders, and any recovery of judgment shall be for the equal and ratable benefit of the Holders of all Outstanding Bonds and Parity Indebtedness.

Section 804. Pro Rata Application of Funds. Anything in this Resolution to the contrary notwithstanding, if at any time the money in the Debt Service Fund shall not be sufficient to pay the interest on or the principal of the Bonds and Parity Indebtedness as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 802 of this Article), such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall (subject to the provisions of Section 902) be applied as follows:

(a) If the principal of all the Bonds and Parity Indebtedness shall not have become or shall not have been declared due and payable, all such moneys shall be applied:

First: to the payment to the persons entitled thereto of all installments of interest then due and payable in the order in which such installments became due and payable, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, 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 or Parity Indebtedness;

Second: to the persons entitled thereto of the unpaid principal of any of the Bonds or Parity Indebtedness which shall have become due and payable (other than Bonds or Parity Indebtedness called for redemption for the payment of which moneys are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest on the principal amount of such Bonds or Parity Indebtedness at the respective rates specified therein from the respective dates upon which such Bonds or Parity Indebtedness become due and payable, and, if the amount available shall not be sufficient to pay in full the principal of the Bonds and Parity Indebtedness due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, 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 or Parity Indebtedness; and

Third: to the payment of the interest on and the principal of the Bonds and Parity Indebtedness, to the purchase and retirement of Bonds and Parity Indebtedness and to the redemption of Bonds and Parity Indebtedness, all in accordance with the provisions of Article V of this Resolution.

(b) If the principal of all of the Bonds and Parity Indebtedness shall have been declared due and payable, all such moneys shall be applied:

First: to the payment to the persons entitled thereto of all installments of interest due and payable on or prior to maturity, if any, in the order in which such installments become due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably, according to the amounts due on such installment, 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 or Parity Indebtedness, and then to the payment of any interest due and payable after maturity on the Bonds and Parity Indebtedness, ratably, 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 or Parity Indebtedness; and

Second: to the payment of the principal of the Bonds and Parity Indebtedness, ratably, to the persons entitled thereto, without preference or priority of any Holder.

(c) If the principal of all the Bonds and Parity Indebtedness shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 802 of this Resolution, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all Bonds or Parity Indebtedness shall later become due and payable or be declared due and payable, the moneys then remaining in and thereafter accruing to the Debt Service Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever any money is to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by the Trustee at such times and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such money with the Bond Registrar or the Paying Agents, or otherwise setting aside such money, in trust for the proper purpose shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Authority, to any Holder or to any other person for any delay in applying any such money, so long as the Trustee acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application of the Trustee. Whenever the Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it shall deem appropriate of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond or Parity Indebtedness until such Bond or Parity Indebtedness shall be surrendered to the Trustee for appropriate endorsement, or for cancellation if fully paid.

Section 805. Effect of Discontinuance of Proceedings. In case any proceeding taken by the Holders on account of any default shall have been discontinued or abandoned for any reason, then and in every such case, the Authority, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceeding had been taken.

Section 806. Control of Proceedings by Bondholders. Anything in this Resolution to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding hereunder shall have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Resolution.

Section 807. Restrictions upon Individual Bondholder Actions. No Holder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or for any other remedy hereunder, unless (i) such Holder previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, (ii) the Holders of not less than a majority in principal amount of the Bonds and Parity Indebtedness Outstanding shall have made written request to the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, (iii) the Trustee shall have been afforded a reasonable opportunity either to proceed to exercise the powers granted hereby or to institute such action, suit or proceeding in its or their name, (iv) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses, and liabilities to be incurred therein or thereby, (v) the Trustee shall have refused or neglected to comply with such request within a reasonable time and (vi) the Event of Default on account of which such suit, action or proceeding is to be instituted shall not have been remedied to the satisfaction of or waived by the Trustee. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions

precedent to the execution of the powers and trusts hereof or for any other remedy hereunder and in equity or at law. It is understood and intended that not one or more Holders shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security hereof or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted and maintained for the benefit of all Holders. Notwithstanding any other provision hereof, the Holder of any Bond or Parity Indebtedness shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond or Parity Indebtedness on the stated maturity expressed in such Bond or Parity Indebtedness (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 808. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Trustee or the Holders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 809. Delay Not a Waiver. No delay or omission of the Trustee or any Holder to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every power and remedy given by this Article VIII to the Trustee and the Holders, respectively, may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Bonds and Parity Indebtedness Outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions hereof or before the completion of the enforcement of any other remedy hereunder; provided, however, that no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon

Section 810. Notice of Event of Default. The Trustee shall give notice of each Event of Default hereunder known to the Trustee to the Holders within thirty (30) days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice; provided, however, that, except in the case of default in the payment of the principal of or interest on any of the Bonds or Parity Indebtedness, the Trustee shall be protected in withholding notice thereof to the Holders if and so long as the Trustee in good faith determines that the withholding of such notice is in the best interests of the Holders. Each such notice of Event of Default shall be given by the Trustee by mailing written notice thereof: (i) to all registered Holders, as the names and addresses of such Holders appear on the books for registration and transfer of Bonds and Parity Indebtedness as kept by the Trustee, and (ii) to such other persons as is required by law.

ARTICLE IX.
CONCERNING THE TRUSTEE, THE BOND REGISTRAR AND DEPOSITARIES

Section 901. Acceptance of Duties. The Trustee and Bond Registrar undertake to perform such duties and only such duties as are specifically set forth in this Resolution, and no implied covenants or obligations shall be read into this Resolution against the Trustee or the Bond Registrar.

Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Resolution. During the existence of any such Event of Default that has not been cured the Trustee shall exercise any of the rights and powers vested in it by this Resolution and shall 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.

No provision of this Resolution shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any other Events of Default that may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Resolution and the Trustee shall not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in this Resolution, and no implied covenants or obligations shall be read into this Resolution against the Trustee, and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Resolution but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Resolution: and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, and

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of not less than a majority in aggregate principal amount of Bonds and Parity Indebtedness then Outstanding relating to the time, method and place of conducting any proceeding for any

remedy available to the Trustee, or exercising any power conferred upon the Trustee under this Resolution.

None of the provisions contained in this Resolution shall require the Trustee to expend or risk its own funds, or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 902. Indemnification of Trustee as Condition for Remedial Action. The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the operation of the Authority or the appointment of a receiver) under this Resolution or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified by the Holders to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Authority, at the request of the Trustee, shall reimburse the Trustee from the Gross Revenues of the Authority for all reasonable costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Authority shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Resolution and shall be entitled to a preference therefor over any Bonds or Parity Indebtedness then Outstanding hereunder.

Section 903. Limitations on Obligations and Responsibilities of Trustee. The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Authority, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts of this Resolution, the Trustee shall have no responsibility in respect of the validity, sufficiency, due acknowledgment of this Resolution, or in respect of the validity of Bonds, Parity Indebtedness or the due execution or issuance thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the Authority, the Accountant, the Bond Registrar, any other Depositary, or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed. The Trustee shall not be responsible for the filing of any documents or the making of any payments to the Internal Revenue Service related to arbitrage or any other tax matters.

The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through custodians, agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any custodian, agent or attorney appointed by the Trustee with due care.

The permissive right of the Trustee to do things enumerated in this Resolution shall not be construed as a duty or obligation.

Section 904. Trustee Not Liable for Failure of Authority to Act. The Trustee shall not be liable or responsible because of the failure of the Authority or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Authority or because of the loss of any money arising through the insolvency or the act or default or omission of any other Depository in which such money shall have been deposited under the provisions of this Resolution. The Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment, withdrawal or transfer shall be made in accordance with the provisions of this Resolution. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 905. Compensation and Indemnification of Trustee and Bond Registrar. Subject to the provisions of any contract between the Authority and the Trustee or the Bond Registrar relating to the compensation of the Trustee or the Bond Registrar, the Authority shall pay the Trustee or the Bond Registrar reasonable compensation for all services performed by it hereunder and also all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder and shall indemnify and save the Trustee and the Bond Registrar harmless against any liabilities that they may incur in the proper exercise and performance of their powers and duties hereunder. If the Authority shall fail to cause any payment required by this Section to be made, the Trustee or the Bond Registrar may make such payment from any moneys in its possession under the provisions of this Resolution and shall be entitled to a preference therefor over any Bonds or Parity Indebtedness then Outstanding hereunder. The Authority covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Trustee or the Bond Registrar to make any such payment. Notwithstanding any other provisions in this Resolution, the foregoing provisions shall survive the satisfaction and discharge of this Resolution or the appointment of a successor trustee.

Section 906. Semi-Annual Statements from Trustee. It shall be the duty of the Trustee, on or before the 31st day of January and July in each year, beginning with January 31, 2017, to file with the Authority a statement setting forth in respect of the six month period (or portion thereof) ended on the next preceding Interest Payment Date (including the first Business Day after such date):

- (a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund or account held by it under the provisions of this Resolution,
- (b) the amount on deposit with it at the end of such semi-annual period in each such fund or account,
- (c) a brief description of all obligations held by it as an investment of money in each such fund or account,
- (d) the amount applied to the purchase or redemption of Bonds under the provisions of Articles III or V of this Resolution and a description of the Bonds or portions thereof so purchased or redeemed, and

- (e) any other information that the Authority may reasonably request.

All records and files pertaining to Bonds in the custody of the Trustee shall be open at all reasonable times to the inspection of the Authority and its agents and representatives.

Section 907. Trustee May Rely on Certificates. If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Resolution provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Resolution, and any such certificate shall be evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Resolution, any request, notice, certificate or other instrument from the Authority to the Trustee shall be deemed to have been signed by the proper party or parties if signed by any Authority representative who may deliver an Officer's Certificate, and the Trustee may accept and rely upon an Officer's Certificate as to any action taken by the Authority.

Section 908. Notice of Default. Except upon the happening of any Event of Default specified in clauses (a) and (b) of Section 801 of this Resolution, the Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Resolution, unless specifically notified in writing of such Event of Default by the Authority or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds and Parity Indebtedness then Outstanding.

Section 909. Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

Section 910. Trustee Protected in Relying on Certain Documents. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Resolution, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Resolution, or upon the written opinion of any attorney, engineer or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be under any obligation to see to the recording or filing of this Resolution or Uniform Commercial Code financing statements or otherwise to the giving to any person of notice of the provisions hereof.

Section 911. Resignation and Removal of Trustee Subject to Appointment of Successor. No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 914 of this Article.

Section 912. Resignation of Trustee. The Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Authority, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 913. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by the Holders of not less than a majority in aggregate principal amount of Bonds and Parity Indebtedness then Outstanding and filed with the Authority, not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument or instruments filed with the Authority under the provisions of this paragraph, duly certified by the Secretary or any Assistant Secretary of the Authority as having been received by the Authority, shall be delivered promptly by the Secretary or any Assistant Secretary of the Authority to the Trustee.

So long as the Authority shall not be in default under this Resolution, the Trustee may also be removed, with or without cause, at any time by an instrument in writing authorized by the Authority and filed with the Trustee not less than sixty (60) days before such removal is to take effect as stated in said instrument.

The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Resolution with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or the Holders of not less than a majority in aggregate principal amount of Bonds and Parity Indebtedness then Outstanding.

Section 914. Appointment of Successor Trustee. If at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the Authority shall appoint a Trustee to fill such vacancy. Any corporation or association into which the Trustee in its individual capacity may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee in its individual capacity may be sold or otherwise transferred, shall be the Trustee hereunder without further act, provided that such corporation or association is (a) a bank or trust company within or without the Commonwealth which is duly authorized to exercise corporate trust powers and subject to examination by federal or Commonwealth authority, of good standing and having a combined capital, surplus and undivided profits of not less than \$50,000,000 or (b) a subsidiary trust company under the Trust Subsidiary Act, Title 6.1, Article 3.1, Code of Virginia, 1950, as amended, whose parent bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Section 6.1-32.7(a) of the Trust Subsidiary Act, or any successor provision of law, and whose combined capital, surplus

and undivided profits, together with that of its parent bank or bank holding company, as the case may be, is not less than \$50,000,000. The Authority shall mail notice of any such appointment, postage prepaid, to all Holders.

At any time within one year after any such vacancy shall have occurred, the Holders of a majority in principal amount of Bonds and Parity Indebtedness then Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the Authority, may nominate a successor Trustee, which the Authority shall appoint and which shall supersede any Trustee theretofore appointed by the Authority. Photographic copies, duly certified by the Secretary or any Assistant Secretary of the Authority as having been received by the Authority, of each such instrument shall be delivered promptly by the Authority to the predecessor Trustee and to the Trustee so appointed by the Holders.

Except with respect to the appointment by the Authority of a successor Trustee after its removal of the existing Trustee pursuant to the penultimate paragraph of Section 913 of this Article, at any time within one year after any such vacancy shall have occurred, the Holders of a majority in principal amount of Bonds and Parity Indebtedness then Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the Authority, may nominate a successor Trustee, which the Authority shall appoint and which shall supersede any Trustee theretofore appointed by the Authority. Photographic copies, duly certified by the Secretary or any Assistant Secretary of the Authority as having been received by the Authority, of each such instrument shall be delivered promptly by the Authority to the predecessor Trustee and to the Trustee so appointed by the Holders.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Holder hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribed appoint a successor Trustee.

Any successor Trustee hereafter appointed shall be (a) a bank or trust company within the Commonwealth which is duly authorized to exercise corporate trust powers and subject to examination by federal or Commonwealth authority, of good standing, and having a combined capital, surplus and undivided profits of not less than \$50,000,000 or (b) a subsidiary trust company under the Trust Subsidiary Act, Title 6.1, Article 3.1, Code of Virginia, 1950, as amended, whose parent bank or bank holding company has undertaken to be responsible for the acts of such subsidiary trust company pursuant to the provisions of Section 6.1-32.7(a) of the Trust Subsidiary Act, or any successor provision of law, and whose combined capital, surplus and undivided profits, together with that of its parent bank or bank holding company, as the case may be, is not less than \$50,000,000.

Section 915. Vesting of Duties in Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Authority, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities, powers and trusts, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the Authority and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905 of this Article, execute and deliver an

instrument transferring to such successor Trustee all the rights, immunities, powers and trusts, of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Authority.

Section 916. Depositaries. The Authority shall designate and appoint, from time to time, one or more Depositaries to receive and hold the moneys to the credit of the Operating Account and the Construction Fund and the various accounts therein, and such Depositaries shall acknowledge, by a writing delivered to the Authority and the Trustee, their acceptance of such appointment and of the duties imposed by this Resolution. The Authority may replace any Depositary at any time, and any Depositary may resign at any time, in either of which case the Depositary shall transfer all moneys held by such Depositary in the applicable Fund or Account to the Trustee which shall act as Depositary thereof pending subsequent action by the Authority.

Section 917. Co-Trustee. At any time or times, in order to conform to any legal requirements, the Trustee and the Authority shall have power to appoint, and upon request of the Trustee, the Authority shall join with the Trustee in the execution and delivery of all instruments and the performance of all acts necessary or proper to appoint, another trust company or bank or one or more persons, approved by the Trustee, either to act as co-trustee or co-trustees of all or any part of the trust estate jointly with the Trustee, or to act as substitute trustee or trustees of any part of the same, and in any case with such or all of the powers, rights, duties, obligations and immunities hereby conferred or imposed on the Trustee as may be specified in the instrument of appointment, and for such term, if any limitation is placed thereon, as may be specified in the instrument of appointment, the same to be exercised jointly with the Trustee, except to the extent that under any law of any jurisdiction in which any particular act or acts to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or co-trustees or substitute trustee or trustees; and if an Event of Default shall have happened and shall not have been remedied or if the Authority shall wrongly fail to join with the Trustee in any such appointment within five days after being requested by the Trustee so to do, the Trustee shall have power, without any action on the part of the Authority and without the necessity of the execution of any such instrument of appointment by the Authority, to appoint such co-trustee or co-trustees or substitute trustee or trustees as aforesaid, and to execute all instruments and perform all acts necessary or convenient and proper for such purpose. The Trustee shall have the right to discharge a co-trustee or co-trustees or substitute trustee or substitute trustees. The Trustee may receive an Opinion of Counsel as to the necessity or propriety of appointing any such co-trustee or substitute trustee and as to the form and effect of any such instrument to be executed or any act to be taken to effect such appointment and as to any other matter arising under this Section and such opinion shall be full protection to the Trustee for any action taken or omitted to be taken by it pursuant thereto.

ARTICLE X.
EXECUTION OF INSTRUMENTS BY HOLDERS AND PROOF OF OWNERSHIP OF BONDS

Section 1001. Execution of Instruments by Holders. Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders or their attorneys or legal representatives. Proofs of the execution of any such instrument, and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Authority or the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof, and

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 206 of this Resolution.

Nothing contained in this Article shall be construed as limiting the Authority or the Trustee to such proof, it being intended that the Authority and the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Authority or the Trustee in pursuance of such request or consent.

ARTICLE XI.
AMENDMENTS AND SUPPLEMENTS TO THE RESOLUTIONS; AMENDMENTS
AND SUPPLEMENTS TO THE PORT OPERATOR AGREEMENTS

Section 1101. Adoption of Supplemental Resolutions by Board. The Board may, from time to time and at any time, adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions of this Resolution, for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Resolution or in any Supplemental Resolution, or

(b) to grant to or confer upon the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders, or

(c) to modify, amend or supplement this Resolution or any Supplemental Resolution in such manner as to permit the qualification hereof and thereof under any Federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the Board so determines, to add to this Resolution or any Supplemental Resolution such other terms, conditions and provisions as may be permitted or required by such Federal statute or Blue Sky law, provided that any such Supplemental Resolution referred to in this subsection (c) shall not, in the opinion of counsel, be to the prejudice of the Holders of the Bonds, or

(d) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed, or

(e) to provide by Series Resolutions for the issuance of the 2016 Bonds authorized by Section 208 and of Additional and Refunding Bonds pursuant to the provisions of Sections 209 and 210, respectively, of this Resolution and, as contemplated by Section 720, provide for the incurring of, and make the corresponding modifications to this Resolution required by, Parity Indebtedness, or

(f) to provide for the issuance of Bonds (i) in coupon form or (ii) in uncertificated form and, in each case, for the exchange, redemption and payment thereof, or

(g) to carry out the intention of this Resolution in the event that the Fiscal Year of the Commonwealth, the Authority or a Port Operator or its Subsidiary shall be other than July 1 of one year until June 30 of the next succeeding year, or

(h) to modify or amend the covenants and agreements of the Authority in this Resolution in any manner that shall not, in the opinion of the Trustee and the Authority, in reliance upon opinions and certificates furnished to them, be adverse to the interests of the Holders, or

(i) if not otherwise authorized by one of clauses (a) to (h), to comply with any valid Governmental Restriction.

Section 1102. Modification of Resolution with Holder Consent. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than a majority in aggregate principal amount of the Bonds and Parity Indebtedness then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Board of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any Supplemental Resolution; provided, however, that nothing herein contained shall permit or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) with the exception of the Senior Documents, the creation of a lien upon or a pledge of Net Revenue superior to or on a parity with the lien and pledge of Net Revenue other than the lien and pledge created by this Resolution, or (d) a preference or priority of any Bonds or Parity Indebtedness over any other Bonds or Parity Indebtedness, or (e) a reduction in the aggregate principal amount of the Bonds and Parity Indebtedness required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Holders of the adoption of any Supplemental Resolution as authorized in Section 1101 of this Article.

The Trustee shall cause notice of the proposed adoption of any Supplemental Resolution pursuant to the provisions of this Section to be mailed, postage prepaid, to all Holders at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the office of the Trustee for inspection by all Holders. The Trustee shall not, however, be subject to any liability to any Holder by reason of his failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section.

Whenever, at any time within one year after the date of the first publication of such notice, there shall be filed with the Trustee an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds and Parity Indebtedness then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such Supplemental Resolution substantially in such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds and Parity Indebtedness then Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any

manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Section 1103. Supplemental Resolutions a Part of this Resolution. Any Supplemental Resolution adopted in accordance with the provisions of this Article shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such Supplemental Resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption of any Supplemental Resolution, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Board.

In connection with the adoption by the Authority of any Supplemental Resolution permitted by this Article XI or in the modification of trusts created under this Resolution, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the adoption of such Supplemental Resolution is authorized or permitted by this Resolution. The Authority shall not adopt any such Supplemental Resolution that affects the Trustee's rights, duties or immunities under this Resolution, without the prior written consent of the Trustee.

Section 1104. Supplements and Amendments to Port Operator Agreements Without Bondholder Consent. Without limiting the right of the Authority to terminate any Port Operator Agreement pursuant to Section 719(c) of this Resolution, the Authority and the Port Operators may, from time to time and at any time, enter into such supplements or amendments to the Port Operator Agreements as shall not be inconsistent with the terms and provisions of this Resolution,

(a) to cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Port Operator Agreements, or in any supplement or amendment to such agreement, or

(b) to make any other change in, or waive any provision of, the Port Operator Agreements, provided only that, in the judgment of the Executive Director of the Authority, expressed in writing to the Trustee, the ability of the Authority to comply with the provisions of Section 501(a) of this Resolution shall not be materially impaired.

Section 1105. Supplements and Amendments to Port Operator Agreements With Bondholder Consent. Except for supplements or amendments provided for in Section 1104 of this Article, the Authority shall not agree to any supplement or amendment to the Port Operator Agreements, unless notice of the proposed execution of such supplement or amendment shall have been given and the Holders of not less than a majority in aggregate principal amount of the Bonds and Parity Indebtedness then Outstanding shall have consented to and approved the execution thereof, all as provided for in Section 1102 of this Resolution in the case of a supplement or amendment to this Resolution.

ARTICLE XII. DEFEASANCE

Section 1201. Cessation of Interest of Bondholders. (a) If the Authority shall pay or cause to be paid the principal of and premium, if any, and interest on all Bonds and Parity Indebtedness then Outstanding hereunder, together with all other sums payable hereunder by the Authority, then and in that case the rights, title and interest of the Trustee in and to the estate pledged to it under this Resolution shall cease, terminate and become void, and such Bonds and Parity Indebtedness shall cease to be entitled to any lien, benefit or security under this Resolution. In such event, the Trustee shall turn over to the Authority any surplus in the Debt Service Fund.

(b) If the Authority shall pay or cause to be paid to the Holders of less than all of the Bonds and Parity Indebtedness then Outstanding, the principal of and premium, if any, and interest on such Bonds or Parity Indebtedness, or such portions thereof, such Bonds and Parity Indebtedness, or such portions thereof, shall cease to be entitled to any lien, benefit or security under this Resolution.

(c) Outstanding Bonds and Parity Indebtedness (or any portion thereof) shall be deemed to have been paid for the purposes of subsection (a) or (b) of this Section when (i) there shall have been deposited with the Trustee either moneys in an amount, which, or Government Obligations (which shall not contain provisions permitting the redemption thereof at the option of the issuer) the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys in an amount, which, together with the moneys, if any, deposited with or held by the Trustee or any Paying Agent available therefor, shall be sufficient as confirmed in the report of a nationally recognized verification agent or independent certified public accountant to pay when due the principal of and premium, if any, and interest due and to become due on said Bonds or Parity Indebtedness (or portions thereof) on or prior to the redemption date or maturity date thereof, as the case may be, (ii) in case said Bonds or Parity Indebtedness (or portions thereof) have been selected for redemption in accordance with the provisions hereof prior to their maturity, the Authority shall have given to the Trustee irrevocable instructions to give in accordance with the provisions of Section 303 hereof notice of redemption of such Bonds, or portions thereof, (together with any required notice required by Parity Indebtedness, if any), (iii) in the event said Bonds or Parity Indebtedness are not to mature or be redeemed within the next succeeding sixty (60) days, the Authority shall have given the Trustee irrevocable instructions to give, as soon as practicable in the same manner as a notice of redemption is given pursuant to Section 303 hereof, notice to the Holders of said Bonds, or portions thereof, (together with any required notice required by Parity Indebtedness, if any) stating that moneys or Government Obligations have been deposited with the Trustee as provided in this Article XII and that said Bonds, or portions thereof, and Parity Indebtedness, if any, are deemed to have been paid in accordance with this Article and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of and premium, if any, and interest on said Bonds, or portions thereof, and Parity Indebtedness, if any, and (iv) provisions satisfactory to the Trustee shall have been made for the payment of the Bond Registrar and the Trustee's fees and expenses, and any Paying Agent's fees and all fees and expenses payable by the Authority in connection with the defeasance of the Bonds and Parity

Indebtedness, if any.

(d) The moneys and Government Obligations deposited with the Trustee pursuant to this Section and all payments of principal or interest on any such Government Obligations shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds, or portions thereof, and Parity Indebtedness, if any, deemed to have been paid in accordance with this Section.

(b) If Bonds, or portions thereof, and Parity Indebtedness, if any, are deemed to have been paid in accordance with the provisions of this Article by reason of the deposit with the Trustee of moneys or Government Obligations, no amendment to the provisions of this Section which would adversely affect the Holders shall be made without the consent of each Holder affected thereby.

(f) The Authority may provide in the Series Resolution authorizing the issuance of such Bonds for the defeasance of Bonds constituting Variable Rate Indebtedness or Optional Tender Indebtedness.

(g) All money and Government Obligations held by the Treasurer of the Commonwealth, the Bond Registrar or the Paying Agents pursuant to this Article shall be held in trust and applied to the payment, when due, of the Bonds, or portions thereof, and Parity Indebtedness, if any, payable therefrom.

(h) In connection with the defeasance of the Bonds or Parity Indebtedness pursuant to this Article XII, the Trustee shall be entitled to receive an Opinion of Counsel to the effect that all conditions precedent in this Resolution relating to defeasance of the Bonds and Parity Indebtedness have been complied with.

ARTICLE XIII.
MISCELLANEOUS PROVISIONS

Section 1301. Successorship of Bond Registrar and Paying Agents. The Authority may at any time remove the Bond Registrar or any Paying Agent, and any Paying Agent and the Bond Registrar may at any time resign. If the position of the Bond Registrar or any Paying Agent shall become vacant for any reason, the Authority shall appoint, within thirty (30) days thereafter, a person meeting the applicable requirements of this Resolution to fill such vacancy. Any bank or trust company with or into which the Bond Registrar or any Paying Agent may be merged or consolidated, or to which the assets and business of the Bond Registrar or such Paying Agent may be sold, shall be deemed the successor of the Bond Registrar or such Paying Agent for the purposes of this Resolution.

Section 1302. Dealing in Bonds. Any person acting as the Trustee, a Depositary, the Bond Registrar or a Paying Agent under this Resolution and its directors, officers, employees or agents, and any officer, employee or agent of the Authority may in good faith buy, sell, own, hold and deal in any of the Bonds issued under the provisions of this Resolution and may join in any action which any Holder may be entitled to take with like effect as if such person were not the Trustee, a Depositary, the Bond Registrar or a Paying Agent under this Resolution or as if such officer, employee or agent of the Authority did not serve in such capacity.

Section 1303. Manner of Giving Notice. Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the Authority or the Treasurer of the Commonwealth, shall be deemed to have been sufficiently given or filed for all purposes of this Resolution, if made, given, furnished or filed in writing to or with the Authority, the Treasurer of the Commonwealth or the Trustee if sent by United States registered mail, return receipt requested, postage prepaid, as follows:

to the Authority, if addressed to the Executive Director, Virginia Port Authority, 600 World Trade Center, Norfolk, Virginia 23510; and

to the Trustee, if addressed to Wells Fargo Bank, N.A., Attn: Corporate, Municipal and Escrow Services, 9062 Old Annapolis Road, MAC R1204-010, Columbia, MD 21045.

Upon written notice to the respective parties mentioned above, any of the above or subsequent addresses may be changed.

Except as provided in Section 404 of this Resolution, all documents received by the Trustee or a Depositary under the provisions of this Resolution, or photographic copies thereof, shall be retained in his possession until the lien of this Resolution shall be defeased under the provisions of Section 1201 of this Resolution, subject to all reasonable times to the inspection of the Authority, the Trustee and the agents and representatives thereof.

Section 1304. Authority, Trustee and Holders Alone Have Rights Under Resolution. Except as herein otherwise expressly provided nothing in this Resolution, express or

implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Authority, the Trustee and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Authority, the Trustee and the Holders.

Section 1305. Effect of Partial Invalidity. In case any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid such illegality or invalidity shall not affect other provisions of this Resolution, but this Resolution shall be construed and enforced as if such illegal or invalid provisions had not been contained therein.

Section 1306. Effect of Covenants. All covenants, stipulations, obligations and agreements of the Authority contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent permitted by the Constitution and laws of the Commonwealth. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future officer, agent or employee of the Authority in his individual capacity, and no officer of the Board executing the Bonds or Parity Indebtedness shall be liable personally on the Bonds or Parity Indebtedness or be subject to any personal liability or accountability by reason of the issuance thereof. No officer, agent or employee of the Authority shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Resolution. This Resolution is adopted with the intent that the laws of the Commonwealth shall govern its construction.

Section 1307. Expenses Payable Under Resolution. All expenses incurred in carrying out this Resolution shall be payable solely from funds provided under the authority of this Resolution, and no liability or obligation shall be incurred by the Authority beyond the extent to which money shall have been provided under this Resolution.

Section 1308. Resolution Effective. This Resolution shall take effect immediately upon its adoption.

Passed and adopted by the Board of Commissioners on September 21, 2016.

John G. Milliken
Chairman

Debra J. McNulty
Clerk

Schedule 506(d)(1)
Notice of an Event of Default or an Event of Non-Appropriation

VIRGINIA INTERNATIONAL GATEWAY, INC.
1000 Virginia International Gateway Boulevard
Portsmouth, Virginia 23703

_____, 20__

VIA ELECTRONIC MAIL AND REGISTERED MAIL

Wells Fargo Bank, N.A.
Attn: Corporate, Municipal and Escrow Services
9062 Old Annapolis Road, MAC R1204-010
Columbia, MD 21405

NOTICE OF AN EVENT OF DEFAULT OR AN EVENT OF NON-APPROPRIATION

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Deed of Facilities Lease Agreement, by and between Virginia International Gateway, Inc., a Virginia corporation (“VIG”), and Virginia Port Authority, a political subdivision of the Commonwealth of Virginia (the “Authority”), dated September 21, 2016 (the “Lease”), and Resolution No. 16-9 of the Authority adopted on September 21, 2016 (the “Bond Resolution”), under which Wells Fargo Bank, National Association, a national banking association, has been appointed Trustee (the “Trustee”). All terms used but not defined herein shall have the meanings ascribed to them in the Lease.

Pursuant to Section 20(c) of the Lease, VIG hereby notifies the Trustee that an [Event of Default] [Event of Non-Appropriation] under the Lease has occurred due to _____.

As a result of the [Event of Default] [Event of Non-Appropriation] described above, from the date hereof until the Trustee has received a subsequent notice from VIG that the [Event of Default] [Event of Non-Appropriation] has been cured, the Trustee shall not accept any payment from the Authority from Net Revenue for deposit to the Debt Service Fund (as defined in the Bond Resolution), pursuant to Section 506(d) of the Bond Resolution, or the Revenue Stabilization Fund (as defined in the Bond Resolution), if in existence, pursuant to Section 509 of the Bond Resolution.

VIG hereby expressly reserves its right to pursue all remedies available as provided in Section 20 of the Lease.

By copy of this letter to each of the parties identified at the end of this letter, VIG hereby notifies each of such parties that an [Event of Default] [Event of Non-Appropriation] has occurred under the Lease.

[Signature Page Follows]

Sincerely,

VIRGINIA INTERNATIONAL GATEWAY, LLC

By: _____

cc: Virginia Port Authority
600 World Trade Center
Norfolk, Virginia 23510
Attn: John F. Reinhart, Executive Director

Virginia International Terminals, LLC
600 World Trade Center
Norfolk, Virginia 23510
Attn: Shawn Tibbetts, Chief Operations Officer

Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
Attn: Jeffery R. Allen, Esquire, Assistant Attorney General

Williams Mullen
222 Central Park Avenue, Suite 1700
Virginia Beach, Virginia 23462-3035
Attn: William W. Harrison, Jr., Esquire

Schedule 506(d)(2)
Notice of Cure of an Event of Default or an Event of Non-Appropriation

VIRGINIA INTERNATIONAL GATEWAY, INC.
1000 Virginia International Gateway Boulevard
Portsmouth, Virginia 23703

_____, 20__

VIA ELECTRONIC MAIL AND REGISTERED MAIL

Wells Fargo Bank, N.A.
Attn: Corporate, Municipal and Escrow Services
9062 Old Annapolis Road, MAC R1204-010
Columbia, MD 21405

**NOTICE OF CURE OF AN EVENT OF DEFAULT OR AN EVENT OF NON-
APPROPRIATION**

Ladies and Gentlemen:

Reference is hereby made to that certain Amended and Restated Deed of Facilities Lease Agreement, by and between Virginia International Gateway, Inc., a Virginia corporation (“VIG”), and Virginia Port Authority, a political subdivision of the Commonwealth of Virginia (the “Authority”), dated September 21, 2016 (the “Lease”), and Resolution No. 16-9 of the Authority adopted on September 21, 2016 (the “Bond Resolution”), under which Wells Fargo Bank, National Association, a national banking association, has been appointed Trustee (the “Trustee”). All terms used but not defined herein shall have the meanings ascribed to them in the Lease.

Pursuant to Section 20(c) of the Lease, VIG hereby notifies the Trustee that the [Event of Default] [Event of Non-Appropriation] described in the Notice of an Event of Default or an Event of Non-Appropriation, dated _____, 20__ (the “Default Notice”), heretofore delivered to the Trustee, has been cured as follows. _____.

Pursuant to the delivery of this notice, the Trustee is no longer prohibited from accepting payment from the Authority from Net Revenue for deposit to the Debt Service Fund (as defined in the Bond Resolution), pursuant to Section 506(d) of the Bond Resolution, or the Revenue Stabilization Fund (as defined in the Bond Resolution), if in existence, pursuant to Section 509 of the Bond Resolution.

By copy of this letter to each of the parties identified at the end of this letter, VIG hereby notifies each of such parties that the [Event of Default] [Event of Non-Appropriation] identified in the Default Notice has been cured.

[Signature Page Follows]

Sincerely,

VIRGINIA INTERNATIONAL GATEWAY, LLC

By: _____

cc: Virginia Port Authority
600 World Trade Center
Norfolk, Virginia 23510
Attn: John F. Reinhart, Executive Director

Virginia International Terminals, LLC
600 World Trade Center
Norfolk, Virginia 23510
Attn: Shawn Tibbetts, Chief Operations Officer

Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
Attn: Jeffery R. Allen, Esquire, Assistant Attorney General

Williams Mullen
222 Central Park Avenue, Suite 1700
Virginia Beach, Virginia 23462-3035
Attn: William W. Harrison, Jr., Esquire