

The Delaware River and Bay Authority  
Revenue Bonds, Refunding Series 2004

THE DELAWARE RIVER AND BAY AUTHORITY

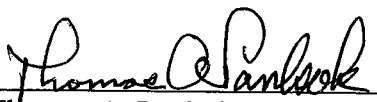
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Certificate as to Trust Agreement

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I, Thomas A. Pankok, Secretary of The Delaware River and Bay Authority (the "Authority"), DO HEREBY CERTIFY that attached hereto is a true and correct copy of the Trust Agreement, dated as of October 1, 1993, between the Authority and Wilmington Trust Company, as trustee.

WITNESS my hand and official seal this 8th day of September, 2004.

  
Thomas A. Pankok  
Secretary of The Delaware  
River and Bay Authority

Execution Copy

**THE DELAWARE RIVER AND BAY AUTHORITY**

**TO**

**WILMINGTON TRUST COMPANY**

**AS TRUSTEE**

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**TRUST AGREEMENT**

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**Dated as of October 1, 1993**

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This Agreement, dated for convenience of reference as of the 1st day of October, 1993,  
by and between

THE DELAWARE RIVER AND BAY AUTHORITY,

a body politic and an agency of government of the State of Delaware and the State of New Jersey, duly created as hereinafter mentioned, and

WILMINGTON TRUST COMPANY

a bank and trust company duly organized and existing under the laws of the State of Delaware and having its principal office in the City of Wilmington, Delaware, which is authorized under such laws to exercise corporate trust powers and is subject to examination by state authority, as trustee (said bank and trust company and any bank or trust company becoming successor trustee under this Agreement being hereinafter sometimes called the "Trustee"), WITNESSETH:

WHEREAS, by virtue of Chapters 145 and 146, Volume 53, Laws of Delaware, approved by the Governor of the State of Delaware July 21, 1961, and Chapter 66 of the Pamphlet Laws of 1961 of the State of New Jersey, approved by the Governor of the State of New Jersey June 3, 1961 (said Chapters 145 and 146 and said Chapter 66 being hereinafter sometimes collectively called the "Original Enabling Legislation"), the State of Delaware and the State of New Jersey entered, subject to the consent of the Congress of the United States of America, into a compact (hereinafter sometimes called the "Original Compact") creating The Delaware River and Bay Authority (hereinafter sometimes called the "Authority") as a body politic and an agency of government of the State of Delaware and the State of New Jersey; and

WHEREAS, the consent of the Congress of the United States of America was given to the States of Delaware and New Jersey to enter into the Original Compact by a Joint Resolution of the Congress, approved September 20, 1962 (Public Law 87-678, 87th Congress); and

WHEREAS, by virtue of Chapter 252, Volume 67, Laws of Delaware, approved by the Governor of the State of Delaware June 28, 1990, and Chapter 192 of the Pamphlet Laws of 1989 of the State of New Jersey, approved by the Governor of the State of New Jersey October 18, 1989 (said Chapter 252 and said Chapter 192, together with the Original Enabling Legislation being hereinafter sometimes collectively called the "Enabling Legislation"), the State of Delaware and the State of New Jersey entered, subject to the consent of the Congress of the United States of America, into certain amendments to the Original Compact (as so amended and as may be further amended from time to time hereinafter sometimes called the "Compact"); and

WHEREAS, the consent of the Congress of the United States of America was given to the State of Delaware and New Jersey to enter into the Compact by a Joint Resolution of the Congress, approved November 15, 1990 (Public Law 101-565, 101st Congress); and

WHEREAS, by virtue of the Compact, the Authority's powers include authorization to plan, finance, develop, construct, purchase, lease, maintain, improve and operate crossings, including bridges, tunnels and ferries and all approaches thereto and connecting and service routes, between the State of Delaware and the State of New Jersey across the Delaware River or Bay at any location south of the boundary line between the State of Delaware and the Commonwealth of Pennsylvania as extended across the Delaware River to the New Jersey shore of said River; and

WHEREAS, the Authority owns, operates and maintains twin bridges spanning the Delaware River from a point between Pigeon Point near the City of Wilmington in the State of Delaware and New Castle in said State to a point near the Salem Canal in the State of New Jersey, together with their approaches, appurtenances and property (said twin spans being known as The Delaware Memorial Bridge and, together with such approaches, appurtenances and property, being hereinafter sometimes called the "Bridge"); and

WHEREAS, the Authority also owns, operates and maintains a public ferry system across Delaware Bay between Cape May in the State of New Jersey and the Town of Lewes in the State of Delaware, including vessels, marine facilities, approaches and connecting and service routes and appurtenances and equipment incidental thereto (said public ferry system, including approaches and connecting and service routes and appurtenances and equipment incidental thereto, being herein sometimes called the "Ferry"); and

WHEREAS, for the purpose of paying: (i) certain outstanding indebtedness; (2) the balance of the cost of certain improvements and modifications to the original span of the Bridge constructed in 1946; (3) costs associated with the construction of the second span of the Bridge; and (4) certain costs in connection with the construction and acquisition of the Ferry system, the Authority has previously issued its revenue bonds in the original aggregate principal amount of One Hundred Three Million Dollars (\$103,000,000), (the "Prior Bonds") pursuant to a Trust Agreement, dated as of the 1st day of January, 1964, by and between the Authority and Delaware Trust Company, as trustee (the "Prior Trust Agreement"); and

WHEREAS, the Authority has determined to apply a portion of the proceeds of the revenue bonds to be issued initially under the provisions of this Agreement in order to provide an amount sufficient for the payment of the principal and interest on the Prior Bonds as the same shall become due and payable and thereby effect the defeasance of the Prior Trust Agreement; and

WHEREAS, the Authority has determined to apply a portion of the proceeds of the revenue bonds to be issued initially under the provisions of this Agreement in order to provide for the costs of certain Additional Facilities (as defined herein); and

WHEREAS, the Authority has determined to provide in the manner prescribed herein for the issuance from time to time of (i) additional revenue bonds or Parity Indebtedness of the Authority on a parity basis with respect to the bonds initially issued under the provisions of this Agreement for the purpose of paying all or any part of the cost of constructing and acquiring any Additional Facilities or (ii) Subordinate Obligations on a subordinated basis, with respect to the bonds initially issued under the provisions of this Agreement, for the purpose of paying all or any part of the cost of either constructing and acquiring Additional Facilities or for any other lawful purpose of the Authority; and

WHEREAS, the Authority has determined that the registered bonds without coupons to be issued hereunder, and the certificate of authentication by the Trustee to be endorsed on all such bonds shall be substantially in the following form, with such variations, omissions and insertions as are required or permitted by this Agreement:

[FORM OF BONDS]

NO. \_\_\_\_\_

\$ \_\_\_\_\_

United States of America

THE DELAWARE RIVER AND BAY AUTHORITY

REVENUE BOND, SERIES [\_\_\_\_]

Interest Rate  
\_\_\_\_\_%

Maturity Date  
January 1, \_\_\_\_\_

Dated Date  
\_\_\_\_\_

CUSIP No.  
\_\_\_\_\_

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_ Dollars

[1] The Delaware River and Bay Authority (herein sometimes called the "Authority"), a body politic and an agency of government of the State of Delaware and the State of New Jersey, for value received, hereby promises to pay, but solely from the funds provided therefor as hereinafter set forth and in the manner hereinafter provided, to the registered owner hereof named above, or registered assigns on the Maturity Date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof, at the principal corporate trust office of Wilmington Trust Company in the City of Wilmington, Delaware (the "Bond Registrar"), 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, the Principal Amount set forth above, and to pay interest on such Principal Amount from the Dated Date set forth above at the Interest Rate stated above per annum until said Principal Amount is paid, such interest to the maturity hereof being payable semi-annually on the 1st days of January and July in each year commencing \_\_\_\_\_, \_\_\_\_\_, solely from such sources, from the date hereof or the [January 15, or July 15] 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]. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in the Agreement hereinafter referred to, be paid by wire transfer or by check mailed to the person in whose name this bond (or one or more predecessor bonds, as defined in the Agreement hereinafter mentioned) is registered at the close of business on the regular record date for such interest, which shall be the June 15 or December 15 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 referred to, notice whereof being given by the Trustee by mail to the registered owners not less than 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 Agreement. Such payment of interest shall be by check mailed to the registered owner at such owner's 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.

[1A] Revise paragraph (1) as appropriate for Capital Appreciation Bonds and for such bonds that become Current Interest Bonds and for Optional Tender Bonds, Variable Rate Indebtedness and for such bonds that may convert to a fixed interest rate.

[2] This bond shall not be deemed to pledge the credit of the State of Delaware or the State of New Jersey or of any agency or political subdivision thereof or to create a debt or liability of the State of Delaware or the State of New Jersey or of any agency or political subdivision thereof. Neither the State of Delaware or the State of New Jersey nor the Authority shall be obligated to pay this bond, the interest or redemption premium, if any, hereon except from tolls and other revenues and from the funds created under the Agreement, and neither the faith and credit nor the taxing power of the State of Delaware or the State of New Jersey or of any of their political subdivisions is pledged to the payment of the principal of, the interest or redemption premium, if any, on this bond and the Authority has no power to pledge hereafter the credit or to create any debt or liability of the State of Delaware, of the State of New Jersey or of any other agency or of any political subdivision of said States.

[3] This bond is one of a duly authorized series of revenue bonds of the Authority in an aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), designated as "Delaware River and Bay Authority Revenue Bonds, Series [\_\_\_\_\_] (the "bonds") dated as of the 1st day of \_\_\_\_\_, consisting of bonds maturing in annual installments on the 1st day of January in the years \_\_\_\_ to \_\_\_\_, inclusive (herein called the "serial bonds"), and of bonds maturing on the 1st day of January, \_\_\_\_ (herein called the "term bonds"), for the purpose of providing sufficient funds for [Re: Series 1993 Bonds: the retirement of the outstanding Revenue Bonds of the Authority dated as of the 1st day of January, 1964 and the costs of the [construction, acquisition and equipping of certain additional facilities of the Authority] [insert brief description of Additional Facilities project]] (the "Project").

[4] All of the bonds are issued under and pursuant to a trust agreement (said agreement, together with all agreements supplemental thereto as therein permitted, being herein called the "Agreement"), dated as of the 1st day of October, 1993, by and between the Authority and Wilmington Trust Company, in the City of Wilmington, Delaware, as trustee (said Wilmington Trust Company and any bank or trust company becoming successor trustee under the Agreement being herein called the "Trustee"), an executed counterpart of which Agreement is on file at the principal office of the Trustee. Reference is hereby made to the Agreement for the provisions,

among others, with respect to the custody and application of the proceeds of bonds issued under the Agreement, the collection and disposition of revenues, the funds charged with and pledged to the payment of the interest on and the principal, and premium, if any, of the bonds, the nature and extent of the security, the terms and conditions on which the bonds of each series are or may be issued, the rights, duties and obligations of the Authority and of the Trustee, Paying Agent, Depositaries and the Bond Registrar for the Series 1993 Bonds and the rights of the registered holders of the bonds, and, by the acceptance of this bond, the registered holder hereof assents to all of the provisions of the Agreement.

[5] The Agreement provides for the issuance, from time to time, under the conditions, limitations and restrictions therein set forth, of additional series of bonds for the purpose of (a) paying all or any part of the cost of or completing payment of the cost of (i) any structure or facility adapted for public use in crossing the Delaware River or the Delaware Bay between the State of Delaware and the State of New Jersey, whether by bridge, tunnel, ferry or other device, and by any vehicle or means of transportation of persons and property, including all approaches and connecting and service routes and appurtenances and equipment relating thereto, or any addition or improvement to, capital program associated with, or any enlargement or replacement of, any part of the Project, the Authority's existing Delaware Memorial Bridge, its Cape May-Lewes ferry system, or any additional crossing (collectively, the Authority's "Crossing Facilities"), or any other structure, facility or other enterprise that may be included in, or permitted by, the definition of the term "Crossing" contained in the Compact (defined in the paragraph below) from time to time or (ii) for the purpose of preventing a loss of Net Revenues (as defined in the Agreement) derived from such Crossing Facilities, provided that such loss of Net Revenues would be the result of an emergency or some unusual or extraordinary occurrence and that the proceeds of such additional series of bonds would not be used for such purpose to the extent that insurance proceeds relating to such an occurrence were then available, and (b) refunding bonds issued under the provisions of the Agreement and other indebtedness of the Authority. In addition, the Agreement provides for the issuance of parity indebtedness as well as subordinate obligations.

[6] This bond is issued and the Agreement was made and entered into under and pursuant to the Constitution and laws of the State of Delaware, particularly Chapters 145 and 146, Volume 53, Laws of Delaware, approved by the Governor of the State of Delaware July 21, 1961 and Chapter 252, Volume 67, Laws of Delaware, approved by the Governor of Delaware June 28, 1990, and the Constitution and laws of the State of New Jersey, particularly Chapter 66 of the Pamphlet Laws of 1961 of the State of New Jersey, approved by the Governor of the State of New Jersey June 3, 1961 and Chapter 192 of the Pamphlet Laws of 1989 of the State of New Jersey, approved by the Governor of the State of New Jersey October 18, 1989, and a compact contained in said Delaware and New Jersey laws and consented to by a Joint Resolution of the Congress of the United States of America, approved September 20, 1962, as amended and consented to by a Joint Resolution of the Congress of the United States of America, approved November 15, 1990 as the same may be further amended from time to time

(collectively referred to herein as the "Compact"), and under and pursuant to resolutions duly adopted by the Authority.

[7] The Agreement, in accordance with and as required by the Compact, provides for the fixing, revising, charging and collecting by the Authority of tolls for the use of the Crossing Facilities and for revising such tolls from time to time in order that such tolls and other revenues of the Crossing Facilities will be sufficient to provide funds to pay the cost of maintaining, repairing and operating the Crossing Facilities to the extent provided in the Agreement and to pay the principal of and the interest on all bonds issued under the Agreement as the same shall become due and payable. The Agreement also provides for the deposit of a sufficient amount of such tolls and other revenues, over and above such cost of maintenance, repair and operation, to the credit of a special fund designated "The Delaware River and Bay Authority Revenue Bonds Debt Service Fund" (herein called the "Debt Service Fund"), which fund is pledged to and charged with the payment of the principal of and the interest on all bonds issued under the Agreement.

[7A] Insert as appropriate, paragraphs concerning credit enhancement.

[8] The bonds are issuable as registered bonds without coupons in denominations of \$\_\_\_\_\_ or any whole multiple thereof. At the principal office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Agreement, bonds may be exchanged for an equal aggregate principal amount of bonds of the same series and maturity, of authorized denominations and bearing interest at the same rate.

[9] The transfer of this bond is registrable by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar but only in the manner and subject to the limitations and conditions provided in the Agreement 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 authorized 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. Neither the Authority nor the Bond Registrar shall be required to make any exchange or to register the 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.

[9A] [Insert as appropriate paragraphs concerning rights and obligations of bond owners to "put" their Bonds and methods of determining the interest rate on bonds as Variable Rate Indebtedness and upon conversion to fixed rate Bonds.]

[10] The bonds of this series at the time outstanding may be redeemed prior to their respective maturities

[herein insert the applicable redemption provisions]

[10A] In addition, Series \_\_\_\_\_ Bonds stated to mature on \_\_\_\_\_, 19\_\_ shall be called for redemption in the principal amount of the Amortization Requirements provided in the Agreement on \_\_\_\_\_ 1, \_\_, respectively, and on each \_\_\_\_\_ 1 thereafter to and including \_\_\_\_\_ 1, \_\_, at the principal amount thereof plus accrued interest to the redemption date, and without premium.

[11] If less than all of the bonds of any one maturity of a series shall be called for redemption, the particular bonds or portions of registered bonds to be redeemed from such series and maturity shall be selected by lot in such manner as the Trustee deems fair and appropriate as provided in the Agreement.

[12] At least 30 days but no more than 60 days before the redemption date of any Series \_\_\_\_\_ Bonds, a notice of any such redemption will be mailed, first class, postage prepaid, to all registered owners of Series \_\_\_\_\_ Bonds to be redeemed as a 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. Each such notice will set forth the bonds or portions thereof to be redeemed, the date fixed for redemption, the Redemption Price to be paid, and if less than all the bonds will be called for redemption, the maturities of the bonds to be redeemed and shall otherwise comply with Securities Exchange Act of 1934 Release No. 34-23856, dated December 3, 1986, including the requirement that notice be given to all organizations registered with the Securities and Exchange Commission as securities depositories, and to at least two information services of national recognition which disseminate redemption information with respect to tax-exempt securities. On the date fixed for redemption, notice having been mailed in the manner provided in the Agreement, the Series \_\_\_\_\_ Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date. If a portion of this bond shall be called for redemption, a new Series [\_\_\_\_\_] Bond or Bonds in principal amount equal to the unredeemed portion hereof, of the same maturity and bearing interest at the same rate will be issued to the registered owner upon the surrender hereof.

[13] The registered holder of this bond shall have no right to enforce the provisions of the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Agreement.

[14] In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the principal of all the bonds then outstanding under the Agreement may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

[15] Modifications or alterations of the Agreement or of any agreement supplemental thereto may be made by the Authority and the Trustee only to the extent and in the circumstances permitted by the Agreement.

[16] All acts, conditions and things required by the constitutions and laws of the State of Delaware and the State of New Jersey and the Compact to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Agreement have happened, exist and have been performed as so required.

[17] This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, The Delaware River and Bay Authority, by its Board of Commissioners as the governing body thereof, has caused this bond to bear the facsimile signatures of the Chairman, the Vice-Chairman and the Secretary of the Authority, and a facsimile of the official and corporate seal of said Authority to be imprinted hereon, all as of the 1st day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
Vice-Chairman of The Delaware  
River and Bay Authority

\_\_\_\_\_  
Chairman of The Delaware  
River and Bay Authority

\_\_\_\_\_  
Secretary of  
The Delaware River and  
Bay Authority

(To be endorsed on all bonds)

## CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds of the series designated therein and issued under the provisions of the within mentioned Agreement.

\_\_\_\_\_  
As Bond Registrar

By \_\_\_\_\_  
Authorized Officer

and

WHEREAS, by virtue of the Enabling Legislation and the Compact the Authority is authorized to issue its revenue bonds as hereinafter provided, to enter into this Agreement and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, the execution and delivery of this Agreement have been duly authorized by resolution of the Authority; and

WHEREAS, all acts, conditions and things required by the constitution and laws of the State of Delaware and the State of New Jersey and the Compact, to happen, exist and be performed precedent to and in the execution and delivery of this Agreement have happened, exist and have been performed as so required, in order to make this Agreement a legal, valid and binding trust agreement for the security of the bonds in accordance with its terms; and

WHEREAS, the Trustee has accepted the trusts created by this Agreement and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH, that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the bonds by the holders thereof, and also for and in consideration of the sum of One Dollar to the Authority in hand paid by the Trustee at or before the execution and delivery of this Agreement, the receipt of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which the bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become holders thereof, and in order to secure the payment of all the bonds at any time issued and outstanding hereunder and the interest and the redemption premium, if any, thereon according to their tenor, purport and effect, and in order to secure the performance and observance of all the covenants,

agreements and conditions therein and herein contained, the Authority has executed and delivered this Agreement and has pledged and does hereby pledge to the Trustee the tolls and other revenues of the Crossing Facilities (hereinafter defined) and other moneys to the extent provided in this Agreement as security for the payment of the bonds and the interest and the redemption premium, if any, thereon and as security for the satisfaction of any other obligation assumed by it in connection with such bonds, and it is mutually agreed and covenanted by and between the parties hereto, for the equal and proportionate benefit and security of all and singular the present and future holders of the bonds issued and to be issued under this Agreement, without preference, priority or distinction as to lien or otherwise, except as otherwise hereinafter provided, of any one bond over another bond, by reason of priority in the issuance, sale or negotiation thereof or otherwise, as follows:

## ARTICLE I.

### DEFINITIONS.

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

Accountants. The term "Accountants" shall mean the independent firm of certified public accountants at the time employed by the Authority under the provisions of this Agreement to perform and carry out the duties imposed on the Accountants by this Agreement.

Accreted Amount. The term "Accreted Amount" shall mean with respect to Capital Appreciation Bonds of any Series, the amount set forth in a Supplemental Agreement as the amount representing the initial public offering price, plus the accumulated and compounded interest on such bonds as of any point of time.

Additional Crossing. The term "Additional Crossing" shall mean any structure or facility adapted for public use in crossing the Delaware River or the Delaware Bay between the State of Delaware and the State of New Jersey, whether by bridge, tunnel, ferry or other device, and by any vehicle or means of transportation of persons or property, including all approaches and connecting and service routes and appurtenances and equipment relating thereto, hereafter financed, constructed or acquired by the Authority, or any other structure, facility or other enterprise that may be included in, or permitted or contemplated by, the definition of the term "Crossing" contained in the Compact from time to time.

Additional Facilities. The term "Additional Facilities" shall mean any Additional Crossing or any addition or improvement to, capital project associated with, or an enlargement or replacement of, any part of the Crossing Facilities.

Agreement. The word "Agreement" shall mean this Agreement, dated as of the 1st day of October, 1993, together with all Supplemental Agreements hereto as herein permitted.

Amortization Requirement. As applied to any term bonds of any Series and maturity, the term "Amortization Requirement" for any fiscal year shall mean the principal amount fixed or computed for such fiscal year as hereinafter set forth for the retirement of such term bonds by purchase or redemption.

The Amortization Requirements for the term bonds of each Series and maturity shall be initially the respective principal amounts (each of which shall be in a multiple of \$5,000 unless otherwise provided in a Supplemental Agreement) for each Principal Payment Date as fixed in the Supplemental Agreement relating to the issuance of the bonds of such Series. The Amortization Requirements for the term bonds of each Series and maturity shall begin on the Principal Payment Date determined by the Authority and shall end not later than the Principal Payment Date immediately preceding the maturity of such term bonds.

If at the close of any Principal Payment Date the total principal amount of the term bonds of any Series and maturity retired by purchase or redemption, or called for redemption under the provisions of Section 507 of this Agreement on or prior to such Principal Payment Date, 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.

Amortized Cost. The term "amortized cost", when used with respect to an obligation purchased at a premium above or discount below par, shall mean as of any subsequent date of valuation, the amount calculated by dividing the total premium or discount by the number of days remaining to maturity on any such obligation at the time of such purchase and by multiplying the amount so calculated by the number of days having passed since the date of purchase and (i) in the case of an obligation purchased at a premium, by deducting the product thus obtained from the purchase price, and (ii) in the case of an obligation purchased at a discount, by adding the product thus obtained to the purchase price.

Annual Budget. The term "Annual Budget" shall mean the Authority's budget of Current Expenses and expenditures from the Reserve Maintenance Fund for a fiscal year adopted pursuant to the provisions of Section 505 of this Agreement.

Authority. The word "Authority" shall mean The Delaware River and Bay Authority, a body politic and an agency of government of the State of Delaware and the State of New Jersey, and the successor or successors of the Authority.

Authority Representative. The term "Authority Representative" shall mean any one or more persons designated from time to time by resolution of the Authority to serve as an Authority Representative for the purposes of this Agreement.

Authorized Facilities. The term "Authorized Facilities" shall mean any Crossing Facilities, as well as any other facilities owned by or leased to or otherwise controlled by the Authority.

bonds. The word "bonds" or "Bonds" shall mean the bonds issued under Article II of this Agreement.

Bond Insurance Policy. The term "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 Supplemental Agreement.

Bond Registrar. The term "Bond Registrar" shall mean the bond registrar for the bonds designated as such and performing the duties set forth herein.

Bridge. The term "Bridge" shall mean the existing twin bridges known as The Delaware Memorial Bridge spanning the Delaware River from a point between Pigeon Point near the City of Wilmington in the State of Delaware and New Castle in said State to a point near the Salem Canal in the State of New Jersey, together with their approaches, appurtenances and property.

Business Day. The term "Business Day" shall mean any day other than a Saturday or Sunday, on which commercial banks (including the Trustee, any Depositary, the Bond Registrar, any Paying Agent and any Credit Bank or Insurer) are open for business in the State of Delaware and the State of New Jersey and on which the New York Stock Exchange is open.

Capital Appreciation Bonds. The term "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 Supplemental Agreement and is payable on the date, if any, on which such bonds become Current Interest Bonds or upon redemption or on the maturity date of such bonds.

Compact. The term "Compact" shall mean the Original Compact together with the amendments thereto entered into by the State of Delaware and the State of New Jersey and consented to by the Joint Resolution of the Congress of the United States of America, approved November 15, 1990 (Public Law 101-565, 101st Congress) as the same may be further amended from time to time.

Construction Fund. The term "Construction Fund" shall mean The Delaware River and Bay Authority Construction Fund, a special fund created and designated by Section 401 of this Agreement.

Consulting Engineers. The term "Consulting Engineers" shall mean the engineer or engineers or engineering firm or firms or corporation or corporations at the time employed by the Authority pursuant to Section 705 of this Agreement to perform or carry out the duties imposed on the Consulting Engineers by this Agreement.

cost. The word "cost", as applied to the Additional Facilities, shall embrace, without intending thereby to limit or restrict any proper definition of such word under the provisions of the Compact, the cost of construction and acquisition and all obligations, expenses and other items of cost which are set forth in Section 403 of this Agreement.

Credit Bank. The term "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 Supplemental Agreement providing for the issuance of such series of bonds, provided that the obligations of such person providing such Credit Facility are rated by the Rating Services.

Credit Facility. The term "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 Supplemental Agreement providing for the issuance of such series of bonds.

Crossing Facilities. The term "Crossing Facilities" shall mean the Bridge, the Ferry and any Additional Facilities.

Crossover Date. The term "Crossover Date" shall mean, with respect to Crossover Refunding Bonds, the date specified in or determined in accordance with the provisions of the Supplemental Agreement for such bonds on which bonds 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. The term "Crossover Refunding Bonds" shall mean bonds, as determined in the Supplemental Agreement pursuant to which such bonds are issued, 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. The term "Current Expenses" shall mean the Authority's reasonable and necessary current expenses of maintenance, repair and operation of the Crossing 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, premiums and reserves 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, fees and expenses of the Trustee, the Paying Agents, any Depositary, indexing agents, remarketing agents and financial consultants, legal expenses, advertising expenses, any taxes or assessments lawfully levied on the Crossing Facilities, any payments to pension or retirement funds, and any other expenses required or permitted to be paid by the Authority under the provisions of this Agreement or by law and any expenses incurred by the Authority for the foregoing purposes, but shall not include any payments made by the Authority in respect of any reserves for extraordinary maintenance or repair or improvements, or any allowance for depreciation, or any payments made by the Authority in respect of any deposits or transfers to the credit of the Debt Service Fund, Debt Service Reserve Fund, Reserve Maintenance Fund or General Fund.

Current Interest Bonds. The term "Current Interest Bonds" shall mean bonds the interest on which is payable on the Interest Payment Dates provided therefor in a Supplemental Agreement which Agreement may also provide that bonds initially issued as Capital Appreciation Bonds may become Current Interest Bonds on the date specified therein.

Debt Service Fund. The term "Debt Service Fund" shall mean The Delaware River and Bay Authority Revenue Bonds Debt Service Fund, a special fund created and designated by Section 506 of this Agreement.

Debt Service Reserve Fund Requirement. The term "Debt Service Reserve Fund Requirement" shall mean an amount equal to the maximum amount of the Principal and Interest Requirements (employing the methods of calculation set forth in Section 210(C) hereof in the case of Derivative Indebtedness) for any future fiscal year on account of all outstanding Series 1993 Bonds issued pursuant to Section 208 hereof until such time as any Additional Bonds may be issued and thereafter and except as may be otherwise provided in a Supplemental Agreement shall mean an amount equal to the least of (i) the maximum amount of Principal and Interest Requirements (employing the methods of calculation set forth in Section 210(C) hereof in the case of Derivative Indebtedness) for any future fiscal year on account of all bonds then outstanding, and (ii) one hundred twenty-five percent (125%) of the average annual Principal and Interest Requirements on account of all bonds outstanding, and (iii) ten percent (10%) of the proceeds of each Series of the bonds.

Defaulted Interest. The term "Defaulted Interest" shall mean Defaulted Interest as defined in Section 203 hereof.

Defeasance Obligations. The term "Defeasance Obligations" shall mean (i) the obligations described in clauses (i) and (ii) of the definition of "Government Obligations" which

are not subject to redemption other than at the option of the holder thereof and (ii) Defeased Municipal Obligations.

Defeased Municipal Obligations. The term "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 such Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations; (iv) such Government Obligations are held by an escrow deposit agent or trustee; and (v) such Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow deposit agent.

Depository. The word "Depository" shall mean the Trustee or any other bank or trust company duly authorized under the laws of the United States of America or the State of Delaware or the State of New Jersey to engage in the banking business within either of said States and designated by the Authority as a depository of moneys under the provisions of this Agreement.

Deposit Day. The term "Deposit Day" shall mean the day on or before the twenty-fifth (25th) day of each month (or such other day that may be designated in a Supplemental Agreement as a "Deposit Day" in respect of all bonds), on which day a withdrawal from the Revenue Fund and a deposit to one or more other Funds or Accounts is required to accomplish the payments and transfers required by Section 506 of this Agreement.

Derivative Indebtedness. The term "Derivative Indebtedness" shall mean Indebtedness which involves the issuance of securities which carry either a fixed or a variable rate together with the simultaneous execution of a hedging vehicle, contract or simultaneous issuance by the Authority of additional debt security for the purpose of establishing a different fixed or variable rate payment liability with respect to such Indebtedness; provided, however, that the Authority shall enter into any such hedging vehicle or contract with respect to a Series of bonds or Parity Indebtedness only with entities that constitute Qualified Swap Providers and only after prior notification of the Rating Services.

Enabling Legislation. The term "Enabling Legislation" shall mean the Original Enabling Legislation together with certain amendments thereto contained in Chapter 252, Volume 67, Laws of Delaware, approved by the Governor of the State of Delaware June 28, 1990, and Chapter 192 of the Pamphlet Laws of 1989 of the State of New Jersey, approved by

the Governor of the State of New Jersey October 18, 1989 as the same may be further amended from time to time.

Executive Director. The term "Executive Director" shall mean the chief executive officer of the Authority and any other employee of the Authority specifically designated by resolution of the Authority to act as such for purposes of this Agreement.

Ferry. The term "Ferry" shall mean the public ferry system across Delaware Bay between Cape May, New Jersey, and the Town of Lewes, Delaware, including vessels, marine facilities, approaches and connecting and service routes and appurtenances and equipment incidental thereto.

fiscal year. The term "fiscal year" shall mean the same as the calendar year.

General Fund. The term "General Fund" shall mean The Delaware River and Bay Authority General Fund, a special fund created and designated by Section 506 of this Agreement.

Government Obligations. The term "Government Obligations" shall mean (i) direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed by the full faith and credit of, the United States Government and (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations the timely payment of the principal of and the interest on which are unconditionally and fully guaranteed by, the United States of America, (a) which obligations are held by a bank or trust company, organized and existing under the laws of the United States of America or any state thereof, in the capacity of custodian; (b) the owner of the proportionate interest is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying obligations; and (c) the underlying obligations are held in safekeeping in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

Indebtedness. The term "Indebtedness" shall mean (a) bonds, (b) all other indebtedness of the Authority relating to the Authorized Facilities and payable from Revenues and (c) all installment sales and capital lease obligations relating to the Authorized Facilities and payable from Revenues whether incurred or assumed by the Authority. Obligations to reimburse Credit Banks for amounts drawn under Credit Facilities to pay the Purchase Price of Optional Tender Indebtedness shall not constitute Indebtedness, except to the extent such obligations exceed the Principal and Interest Requirements on the bonds registered or pledged to or for the account of a Credit Bank that shall have paid the Purchase Price of Optional Tender Indebtedness.

Insurer. The term "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 Supplemental Agreement providing for the issuance of such Bonds.

Interest Payment Date. The term "Interest Payment Date" shall mean January 1 and July 1, as the case may be; provided, however, that Interest Payment Date may mean in respect of bonds constituting Variable Rate Bonds or Optional Tender Bonds, or if so provided in a Supplemental Agreement, such other date or dates provided therein or permitted thereby.

Interest Period. The term "Interest Period" shall mean the period from the date of the bonds of any Series to and including the day immediately preceding the first Interest Payment Date and thereafter shall mean each period from and including an Interest Payment Date to and including the day immediately preceding the next Interest Payment Date.

Interest Requirement. The term "Interest Requirement" for any fiscal year or any Interest Period, as the context may require, as applied to bonds of any Series then Outstanding, shall mean the total of the sums that would be deemed to accrue on such bonds during such fiscal year or Interest Period if the interest on the Current Interest Bonds of such Series were deemed to accrue daily during such year or Period in equal amounts, employing the methods of calculation set forth in clauses (A) and (B) of Section 210 hereof in the cases of Optional Tender Bonds and Variable Rate Bonds; 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 such proceeds 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 Supplemental Agreement, 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. If interest is not payable at a single numerical rate for the entire term of such bonds, then "Interest Requirement" shall have the appropriate meaning assigned thereto by the applicable Supplemental Agreement permitted by this Agreement.

Investment Obligations. The term "Investment Obligations" shall mean, to the extent permitted by law and except as may be provided in a Supplemental Agreement providing for the issuance of such bonds:

(a)(i) Defeasance Obligations and (ii) to the extent from time to time permitted by applicable law, any of the following: senior debt obligations of the Federal Home Loan Banks, the Student Loan Marketing Association, the Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Bank, the Farmers Home Administration, the Inter-American Development Bank, the International Bank for Reconstruction and Redevelopment, and Federal

Land Banks, direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States, participation certificates and senior debt obligations of the Federal Home Loan Mortgage Association, debentures of the Federal Housing Administration, guaranteed mortgage-backed bonds and guaranteed pass-through obligations of the Government National Mortgage Association, mortgage-backed securities and senior debt obligations of the Federal National Mortgage Association, guaranteed Title XI financing of the U.S. Maritime Administration and obligations of the Resolution Funding Corporation;

(b) repurchase agreements with respect to the obligations listed in paragraph (a)(i) and (ii) above entered into pursuant to a specific written agreement with (i) financial institutions insured by the Federal Deposit Insurance Corporation or (ii) with financial institutions or government bond dealers reporting to, trading with, and recognized as a primary dealer by, the Federal Reserve Bank of New York and a member of the Security Investors Protection Corporation ("SIPC") or with a dealer or parent holding company that is rated in one of the three highest rating categories by the Rating Services (without regard to gradations such as "plus" or "minus"); provided that the fair market value of such agreements, together with the fair market value of the repurchase agreement securities, exclusive of accrued interest, shall be valued daily and maintained at an amount at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreements and (A) the Trustee or a Depositary (who shall not be the provider of the collateral) or a third party acting solely as agent for the Trustee or a Depositary has possession of the repurchase agreement securities and the obligations referred to above; (B) the Trustee or Depositary will value the repurchase agreement securities no less frequently than monthly and failure to maintain the requisite collateral levels will require the Trustee or a Depositary or its agent to liquidate the repurchase agreement securities immediately; (C) the Trustee or a Depositary has a perfected, first priority security interest in the repurchase agreement securities; and (D) the repurchase agreement securities are free and clear of third-party liens, and in the case of a SIPC broker, were not acquired pursuant to a repurchase or reverse repurchase agreement.

(c) certificates of deposit issued by, and time deposits in, or interests in money market portfolios issued by, any bank, banking association or trust company organized under the laws of the State of Delaware or the State of New Jersey, any other state of the United States or of the United States, including the Trustee, any Depositary and their affiliates; provided that such bank, banking association or trust company has combined capital, surplus and undivided profits of at least \$50,000,000; and provided further, that such certificates of deposit or time deposits or portfolio interests are (i) insured by the Federal Deposit Insurance Corporation for the full face amount thereof and the issuing institution is rated at the time of acquisition by the Trustee or a Depositary hereunder in the highest short-term rating category or in one of the two highest long-term rating categories by the Rating Services (without regard to gradations such as "plus" or "minus") or (ii) to the extent not so insured, collateralized by Government Obligations held by the Trustee (who shall not be the provider of such collateral) or by any Federal Reserve Bank or Depositary, as custodian for the issuing institution, and as to which Government

Obligations the Trustee or Depositary, as the case may be, shall have a perfected first lien, free from any third-party liens and having a daily market value of not less than the face amount of such certificates, deposits or portfolio interests plus accrued interest thereon to the date of calculation; and

(d) commercial paper rated at the time of acquisition by the Trustee or a Depositary hereunder in the highest rating category by the Rating Services (without regard to gradations such as "plus" or "minus");

(e) obligations of state or local government issuers, the principal of and interest on which, when due and payable, have been insured by an insurer that are rated at the time of acquisition by the Trustee or a Depositary hereunder in one of the two highest rating categories by the Rating Services (without regard to gradations such as "plus" or "minus");

(f) shares in one or more open-ended investment funds, provided that the funds are registered under the federal Investment Company Act of 1940, and have ratings by Moody's Investors Services of Aa or better and Standard & Poor's Corporation of AAm or better or their equivalent;

(g) interests in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. §§80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (a)(i), or (e) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least \$100,000,000 and is rated in the highest rating category by the Rating Services (without regard to gradations such as "plus" or "minus");

(h) bankers' acceptances with a maximum term of one year, of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's Investors Service and "A-1" or "A" or better by Standard & Poor's Corporation;

(i) full faith and credit obligations of state or local government issuers that are rated at the time of acquisition by the Trustee or a Depositary hereunder in one of the three highest rating categories by the Rating Services (without regard to gradations such as "plus" or "minus"); and

(j) any unsecured or secured agreement for the investment of moneys entered into by the Authority or the Trustee with the Federal National Mortgage Association or any bank, trust company or national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956 or any other financial institution whose unsecured obligations or uncollateralized long term debt obligations (or obligations guaranteed by its parent entity) have been assigned a rating by the Rating Services in one of the two highest rating categories (without regard to gradations such

as "plus" or "minus"), or which has issued a letter of credit, contract or agreement in support of debt obligation which have been so rated.

Net Revenues. The term "Net Revenues" for any particular period shall mean the amount of the excess of Revenues over Current Expenses during such period.

Optional Tender Bonds. The term "Optional Tender Bonds" shall mean any portion of bonds issued under this Agreement a feature of which is an option on the part of the owners of such bonds to tender to the Authority or to the Trustee or to any Depositary, Paying Agent or other fiduciary for such owners, or to an agent of any of the foregoing, all or a portion of such bonds for payment or purchase.

Original Compact. The word "Original Compact" shall mean the compact entered into by the State of Delaware and the State of New Jersey and consented to by the Joint Resolution of the Congress of the United States of America, approved September 20, 1962 (Public law 87-678, 87th Congress).

Original Enabling Legislation. The term "Original Enabling Legislation" shall mean Chapters 145 and 146, Volume 53, Laws of Delaware, approved by the Governor of the State of Delaware July 21, 1961, and Chapter 66 of the Pamphlet Laws of 1961 of the State of New Jersey, approved by the Governor of the State of New Jersey June 3, 1961.

[O]utstanding. The term "[O]utstanding" with respect to bonds shall mean all bonds that have been authenticated and delivered by the Trustee or by the Bond Registrar under this Agreement, 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 Agreement;

(iii) bonds in exchange for or in lieu of which other bonds have been authenticated and delivered under this Agreement; and

(iv) Optional Tender Bonds deemed to have been purchased in accordance with the provisions of the applicable Supplemental Agreement and in lieu of which other bonds have been authenticated and delivered under such Supplemental Agreement;

provided, however, that in determining whether the owners 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 the term "obligor upon the bonds" shall not include any Insurer or any Credit Bank unless otherwise provided in a Supplemental Agreement and except that in determining whether the Trustee, a Depositary, the Paying Agents or the Bond Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only bonds that the Trustee, a Depositary, the Paying Agents or Bond Registrar, as the case may be, knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee 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 except a Credit Bank or an Insurer.

Parity Indebtedness. The term "Parity Indebtedness" means any Indebtedness incurred in accordance with the provisions of Section 715 hereof and payable on a parity with the Principal and Interest Requirements of bonds issued under the provisions of this Agreement. Parity Indebtedness does not include bonds.

Paying Agents. The term "Paying Agents" shall mean with respect to the bonds of each Series the one or more banks or trust companies designated by the Authority as the paying agent or tender agent in a Supplemental Agreement and performing the duties set forth in such Supplemental Agreement.

[P]erson. The term "[P]erson" shall mean and include an association, unincorporated organization, a corporation, a partnership, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

[p]redecessor Bonds. The term "[p]redecessor 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. For purposes of this definition, any bond authenticated and delivered under Section 212 of this Agreement in lieu of a mutilated, destroyed, stolen or lost bond shall be deemed to evidence the same debt as the mutilated, destroyed, stolen or lost bond.

[P]rincipal. The term "[P]rincipal" 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 Agreement 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. The term "Principal and Interest Requirements" for any fiscal year shall mean the sum of the Principal Requirement and the Interest Requirement for such year.

Principal Payment Date. The term "Principal Payment Date" shall mean a January 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 Agreement, such other date or dates as may be provided thereby or permitted therein.

Principal Requirement. The term "Principal Requirement" for any fiscal year, as applied to the bonds of any Series, shall mean, if and to the extent for such Series of bonds a Principal Payment Date or Dates shall occur on January 2 or thereafter during such fiscal year or on January 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 during such fiscal year if

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

(ii) 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 210 hereof in the cases of Variable Rate 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.

Prior Bonds. The term "Prior Bonds" shall mean the Authority's revenue bonds in the original principal amount of \$103,000,000 issued pursuant to a Trust Agreement, dated as of the 1st day of January, 1964 by and between the Authority and Delaware Trust Company, as trustee.

Purchase Price. The term "Purchase Price" shall mean the purchase price established in any Supplemental Agreement for Optional Tender Bonds as the purchase price to be paid for such bonds upon an optional or mandatory tender of all or a portion of such bonds.

Qualified Swap Provider. The term "Qualified Swap Provider" means, with respect to a Series of bonds or Parity Indebtedness, an entity whose senior long-term obligations, other senior long-term obligations or claims-paying ability or whose payment obligations with respect to Derivative Indebtedness constituting a hedge vehicle or contract for the purpose of establishing a different fixed or variable rate payment liability with respect to such Series of bonds or Parity Indebtedness are guaranteed by an entity whose senior long-term debt obligations or other senior unsecured long-term obligations or claims-paying ability are rated in one of the two highest long-term rating categories by the Rating Services (without regard to gradations such as "plus" or "minus"), but in no event lower than any long-term rating category designated by the Rating Services for the bonds or Parity Indebtedness Outstanding subject to such Derivative Indebtedness.

Rating Services. The term "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. The term "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 its terms and this Agreement.

Regular Record Date. The term "Regular Record Date" shall mean for each Series of bonds the June 15 or December 15 next preceding an Interest Payment Date or such other dates as may be specified in a Supplemental Agreement.

Revenues. The term "Revenues" for any particular period shall mean all income and moneys received by the Authority from the rates, fees, tolls and other charges to be made

and collected by the Authority from the operation or ownership of the Crossing Facilities, or otherwise received by the Authority or accruing to the Authority from the ownership or operation of the Crossing Facilities, calculated according to recognized accounting practices consistent with the provisions of this Agreement or employed in the operation of facilities similar to the Crossing Facilities, including, without limiting the generality of the foregoing, any proceeds of business interruption insurance, and the income from the investment under the provisions of this Agreement of the moneys held for the credit of the various funds and accounts created under this Agreement and required or permitted by the terms of this Agreement to be credited to the Revenue Fund (and excluding such investment income to the extent appropriate such as in a comparison to Principal and Interest Requirements where such income is deducted therefrom), but shall not include the proceeds of any insurance, other than as mentioned above, or any capital gifts, grants, donations, subsidies, or contributions or borrowed funds. Payments by any Insurer or Credit Bank with respect to principal or interest on the bonds shall not constitute Revenues.

Revenue Fund. The term "Revenue Fund" shall mean The Delaware River and Bay Authority Revenue Fund, a special fund created and designated by Section 503 of this Agreement.

serial bonds. The term "serial bonds" shall mean the bonds of a Series which shall be stated to mature in annual installments.

Series. The word "Series" shall mean the bonds issued and delivered at any one time under the provisions of Section 208, 209, or 210 of this Agreement.

Series 1993 Bonds. The term "Series 1993 Bonds" shall mean "The Delaware River and Bay Authority Revenue Bonds, Series 1993", authorized to be issued in accordance with the provisions of Section 208 of this Agreement.

Special Record Date. The term "Special Record Date" for the payment of any Defaulted Interest on bonds shall mean a date fixed by the Trustee pursuant to Section 203 of this Agreement.

Subordinate Obligations. The term "Subordinate Obligations" shall mean any Indebtedness, obligations, appropriations or transfers, incurred, issued or made (other than bonds or Parity Indebtedness) with respect to Crossing Facilities or any other lawful purpose of the Authority and secured by or payable, in whole or in part, from Revenues credited to the Subordinate Obligations Fund and not otherwise paid or payable from the Revenue Fund, the Debt Service Fund, the Debt Service Reserve Fund or the Reserve Maintenance Fund.

Subordinate Obligations Fund. The term "Subordinate Obligations Fund" shall mean The Delaware River and Bay Authority Subordinate Obligations Fund, a special fund created and designated by Section 506 of this Agreement.

Supplemental Agreement. The term "Supplemental Agreement" shall mean an agreement supplemental to this Agreement entered into by the Authority and the Trustee, 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. The term "term bonds" shall mean all or some of the bonds of a Series other than serial bonds that shall be stated to mature on one or more dates.

Trustee. The term "Trustee" shall mean the Trustee under this Agreement or as may be designated in a Supplemental Agreement and its successors as may be designated in like manner from time to time in accordance with the terms of this Agreement or any such Supplemental Agreement.

Variable Rate Bonds. The term "Variable Rate Bonds" shall mean any portion of bonds the interest rate on which is not established at the time of issuance of such bonds at a single numerical rate for the entire term of the bonds.

SECTION 102. Miscellaneous definitions. (a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "bond", "owner", "holder" and "person" shall include the plural as well as the singular number, and, except as may be provided in any Supplemental Agreement, "holder" or "bondholder" when used herein with respect to bonds issued hereunder shall mean the holder or registered owner, as the case may be, of bonds at the time issued and outstanding hereunder.

(b) 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.

(c) Provisions calling for the redemption of bonds or the calling of bonds for redemption do not mean or include the payment of bonds at their stated maturity.

(d) Where the character or amount of any asset, liability or term 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 for the purpose of any document, affidavit or certificate to be executed and delivered in accordance with or pursuant to this Agreement, the same shall be done in accordance with generally accepted accounting principles; provided, however, that whenever the context makes clear that the requirement is that cash, or its

equivalent, be available to meet Principal and Interest Requirements hereunder, computations regarding such requirement shall be computed on a cash basis, and not on a generally accepted accounting basis.

## ARTICLE II.

### FORM, EXECUTION, AUTHENTICATION, DELIVERY AND REGISTRATION OF BONDS.

SECTION 201. Limitation on issuance of bonds. No bonds may be issued under the provisions of this Agreement except in accordance with the provisions of this Article. Notwithstanding the foregoing limitation, the Authority reserves the right, in its sole discretion and without the consent of the Trustee or the holders, to issue from time to time bonds, notes and other evidences of Indebtedness and to incur any obligations or Indebtedness other than bonds issued under this Agreement; provided, however, that any bonds, notes or other evidences of Indebtedness so issued and any obligations or Indebtedness so incurred shall be issued or incurred in accordance with the provisions of Section 715, or else shall be expressly by their terms subordinate to the rights, including but in no way limited to the right to receive satisfaction of the principal and interest thereon, of the Bonds, all as provided herein. No Indebtedness or other obligation payable from the Subordinate Obligations Fund may be issued or incurred except in accordance with the provisions of Section 714 of this Agreement.

SECTION 202. Form of bonds. Unless otherwise provided in a Supplemental Agreement, the definitive bonds are issuable in fully registered form in the denomination (or Accreted Amount at maturity with respect to Capital Appreciation Bonds) of \$5,000 or any integral multiple thereof. The definitive bonds of each Series issued under the provisions of this Article shall be substantially in the form hereinabove set forth, with such appropriate variations, omissions and insertions as are permitted or required by this Agreement or the Supplemental Agreement providing for the issuance of such bonds. All such 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.

SECTION 203. Details and Execution of bonds. Unless otherwise provided in a Supplemental Agreement, the bonds shall be dated, shall bear interest until their payment, such interest to their respective maturities of the bonds being payable with respect to Current Interest Bonds, unless otherwise provided in a Supplemental Agreement providing for the issuance of a particular Series of bonds, semi-annually on the 1st days of January and July in each year, and shall be stated to mature (subject to the right of prior redemption), all as hereinafter provided.

Unless otherwise provided in a Supplemental Agreement, each bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated, unless it is (a) authenticated upon an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date or (b) authenticated prior to the first Interest Payment Date, in which case 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 shall have been paid.

Unless otherwise provided in a Supplemental Agreement, the bonds shall bear the manual or facsimile signatures of the Chairman, Vice-Chairman and Secretary of the Authority, but it shall not be necessary that the same officer sign all of the bonds that may be issued hereunder at any one time, and a facsimile of the official and corporate seal of the Authority shall be imprinted on the bonds.

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 bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution of such bond shall be the proper officers to sign such bond although at the date of such bond such persons may not have been such officers.

Both the principal of and the redemption premium, if any, and the interest on the bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Unless otherwise provided in a Supplemental Agreement, and except as provided in Section 211 hereto, the principal and premium, if any, on all bonds shall be payable at the principal offices of the Bond Registrar.

Interest on any bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid (unless otherwise provided in a Supplemental Agreement) by the Bond Registrar by check mailed 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 Agreement at his address as it appears on the registration books of the Bond Registrar, provided, however, that interest on any bond may be paid, at the option of the holder of at least one million dollars (\$1,000,000) in principal amount of bonds of a Series, by wire transfer to such holder at the wire transfer address in the continental United States to which such holder has, not less than five (5) days prior to the Regular Record Date for such bonds, directed the Bond Registrar to wire such interest payment.

Any interest on any bond that 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 as of the relevant Regular Record Date solely by virtue of such holder's having been such holder on such Date; 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 Special Record Date shall be fixed in the following manner. The Authority shall notify the Trustee, the Bond Registrar and any Paying Agent, 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 a date that will enable the Trustee, Bond Registrar or Paying Agent to comply with the next sentence hereof), and at the same time the Authority shall deposit or cause to be deposited with the Trustee 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 Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subparagraph provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest that shall be not more than fifteen (15) days 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 and the Bond Registrar of such Special Record Date, and the Bond Registrar, 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 mail postage prepaid, to each holder, at his address as it appears in the registration books maintained under Section 206 of this Agreement, not less than ten (10) days prior to such Special Record Date. The Trustee may, in its discretion, in the name and at the expense of the Authority, cause a similar notice to be published at least once in a financial newspaper distributed in the Borough of Manhattan, City and State of New York, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and of 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 and the Bond Registrar 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 Agreement 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, that were carried by such other bond, and each such bond shall bear interest from a date such that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 204. Authentication of bonds. Only such of the 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 Agreement. No bond shall be valid or obligatory for any purpose unless and until such certificate of authentication 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 Agreement. The Bond Registrar's certificate of authentication on any bond shall be deemed to have been duly executed if signed by an authorized officer or other authorized signatory of the Bond Registrar, but it shall not be necessary that the same officer 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 principal office of the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of bonds of the same Series and maturity of any denomination or denominations authorized by this Agreement, and bearing interest at the same rate as the bonds surrendered for exchange.

The Authority shall make provision for the exchange of bonds at the principal office of the Bond Registrar.

SECTION 206. Registration of Transfer. The Trustee as Bond Registrar shall keep books for the registration of and for the registration of transfer of bonds as provided in this Agreement.

The Bond Registrar shall evidence acceptance of the duties, obligations and responsibilities of Bond Registrar by execution of the certificates of authentication of the bonds.

The transfer of any bond may be registered only upon the books kept for the registration and transfer of bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar.

Upon any such exchange or registration of transfer, the Authority shall execute and the Bond Registrar shall authenticate and deliver in exchange for such bond, a new bond or bonds registered in the name of the transferee, of any denomination or denominations authorized by this Agreement, in an aggregate principal amount equal to the principal amount of such bond 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 Agreement. All bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Authority or the Bond Registrar may make a charge for every such exchange or transfer of bonds sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to any bondholder for the privilege of exchanging or registering the transfer of bonds under the provisions of this Agreement. Except as otherwise provided in a Supplemental Agreement, neither the Authority nor the Bond Registrar shall be required to make any such exchange or registration of transfer of bonds during the fifteen (15) days immediately preceding the day on which a notice of redemption of bonds is to be mailed in accordance with Section 302 of this Agreement or after such bond or any portion thereof has been selected for redemption.

**SECTION 207. Ownership of bonds.** Except as provided in any Supplemental Agreement respecting any Insurer or any Credit Bank, the Authority or its agents, the Trustee, the Bond Registrar, any Depositary and the Paying Agents may deem and treat the person in whose name any bond is registered on the books of the Authority kept by the Bond Registrar as the absolute owner 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 such bond be overdue and, to the extent permitted bylaw, neither the Authority or such agents, the Trustee, the Bond Registrar, any Depositary nor the Paying Agents shall be affected by any notice to the contrary.

**SECTION 208. Authorization of Revenue Bonds of the Authority.** There shall be initially issued at one time under and secured by this Agreement revenue bonds of the Authority which shall be Current Interest Bonds in the aggregate initial principal amount not exceeding One Hundred Twenty-Five Million Dollars (\$125,000,000) designated "Revenue Bonds, Series 1993", for the purpose of providing funds, together with other available funds, to refund the outstanding Prior Bonds and to provide for a portion of the costs of certain Additional Facilities as described in the related Supplemental Agreement. Before the Series 1993 Bonds shall be issued under the provisions of this Section 208, the Authority shall enter into a Supplemental Agreement authorizing the issuance of such bonds and fixing the amount thereof. Such Series 1993 Bonds shall be dated and numbered, shall be in such form, shall bear interest at such rate or rates, shall be stated to mature in such year or years and in such principal amount or amounts

and shall be made redeemable at such times and prices (subject to the provisions of Article III of this Agreement), may be insured in whole or in part and may have the benefit of a Credit Facility or Bond Insurance Policy in whole or in part, all as may be set forth in or provided for by the Supplemental Agreement. The executed Supplemental Agreement evidencing actions taken pursuant to the authority granted in this Agreement shall be conclusive evidence of the action or determination of the Authority and the concurrence of the Trustee.

The Series 1993 Bonds shall be executed substantially in the form and manner hereinabove set forth and as may be provided in the Supplemental Agreement and shall be deposited with and delivered to the Bond Registrar for authentication, but before said Series 1993 Bonds shall be authenticated by the Bond Registrar, there shall be filed with the Bond Registrar the following:

(a) a fully executed copy of the Supplemental Agreement providing for the issuance of and awarding said Series 1993 Bonds, designating the Paying Agents for said Series 1993 Bonds, fixing the Amortization Requirements for such Series 1993 Bonds as shall constitute term bonds, if any, specifying the interest rate of each of said Series 1993 Bonds and directing the authentication and delivery of said Series 1993 Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth and the accrued interest on said Series 1993 Bonds;

(b) an opinion of counsel for the Authority stating that the issuance of said Series 1993 Bonds and the execution of this Agreement have been duly authorized, that all resolutions of the Authority relating thereto have been duly adopted and are no longer subject to cancellation by the Governor of the State of Delaware or the Governor of the State of New Jersey, and that all conditions precedent to the delivery of said Series 1993 Bonds have been fulfilled; and

(c) evidence satisfactory to the Bond Registrar that the Authority has given the trustee under the Prior Trust Agreement irrevocable instructions to call the Prior Bonds for redemption in accordance with the amortization requirements with respect to the Prior Bonds set forth in the Prior Trust Agreement, and to pay any remaining outstanding Prior Bonds in whole, on January 1, 2004 and that the trustee under the Prior Trust Agreement shall have released the Prior Trust Agreement in accordance with the provisions of Section 1201 thereof.

When the documents mentioned above in this Section shall have been filed with the Bond Registrar and when said Series 1993 Bonds shall have been executed and authenticated as required by this Agreement, the Bond Registrar shall deliver said Series 1993 Bonds at one time to or upon the order of the purchasers named in the Supplemental Agreement mentioned in clause (a) of this Section, but only upon payment to the Authority of the purchase price of said Series 1993 Bonds and the accrued interest, if any, thereon. The Bond Registrar shall be

entitled to rely upon such Supplemental Agreement as to the names of the purchasers, the names of the Paying Agents and any Depositary for said Series 1993 Bonds, the initial Amortization Requirements for any term bonds, the interest rate of each of said Series 1993 Bonds and the amount of such purchase price.

Except as otherwise provided by the applicable Supplemental Agreement, the proceeds (excluding accrued interest) of said Series 1993 Bonds shall be applied by the Trustee simultaneously with the delivery of such bonds as follows:

(1) A portion of the proceeds of the Series 1993 Bonds shall be applied by the Authority to the retirement of the outstanding Prior Bonds.

(2) The Trustee shall deposit to the credit of the Debt Service Reserve Fund that amount, which, when added to the amounts, if any, deposited to the credit of the Debt Service Reserve Fund by the Authority from other funds available to it, will make the total amount held for the credit of the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement on account of such Series 1993 Bonds.

(3) The balance of the proceeds of such Series 1993 Bonds shall be deposited with the Trustee to the credit of a special subaccount in the Construction Fund appropriately designated and held in trust for the sole and exclusive purpose of paying the cost of such Additional Facilities and shall be applied from time to time to pay such cost as set forth in Article IV of this Agreement.

The amount received as accrued interest on such Series 1993 Bonds shall be deposited with the Trustee to the credit of the Debt Service Fund.

SECTION 209. Additional Bonds. Additional Series of bonds of the Authority may be issued under and secured by this Agreement, at one time or from time to time, in addition to the Series 1993 Bonds issued under the provisions of Section 208 as provided herein (the "Additional Bonds") for the purpose of providing additional funds for paying all or any part of the cost of or completing payment of the cost of (i) any Additional Facilities (other than costs provided for in clause (ii)), or (ii) any Additional Facilities for the purpose of preventing a loss of Net Revenues derived from such Additional Facilities, provided that such loss of Net Revenues would be the result of an emergency or some unusual or extraordinary occurrence and that the proceeds of such Additional Bonds would not be used for such purpose to the extent that insurance proceeds relating to such occurrence were then available.

Such Additional Bonds may be issued in such forms including, but in no way limited to, Current Interest Bonds, Variable Rate Bonds, Capital Appreciation Bonds, Optional Tender Bonds, serial bonds or term bonds or any combination thereof, all as may be provided in the applicable Supplemental Agreement.

Before any bonds shall be issued under the provisions of this Section the Authority shall enter into a Supplemental Agreement authorizing the issuance of such bonds, fixing the amount and the details thereof, identifying whether such bonds are being issued pursuant to clause (i) or clause (ii) of the first paragraph of this Section 209 and describing in brief and general terms the Additional Facilities to be financed. The bonds of each Series issued under the provisions of this Section shall be designated, shall be dated and numbered, shall bear interest at such rate or rates or shall have such yield or yields, shall be stated to mature in such year or years and in such principal amounts, and shall be made redeemable at such times and prices (subject to the provisions of Article III of this Agreement), may be insured in whole or in part and may have benefit of a Credit Facility or Bond Insurance Policy, in whole or in part, all as may be set forth in or provided by the applicable Supplemental Agreement.

Except as to any Credit Facility or Bond Insurance Policy in respect of such Additional Bonds and as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption or purchase or Interest Payment Dates or Principal Payment Dates and except for such differences, if any, respecting the use of moneys in various accounts of the Debt Service Fund, such Additional Bonds shall be on a parity with and shall be entitled to the same benefit and security of this Agreement as the Series 1993 Bonds issued under the provisions of Section 208 or any other Additional Bonds issued under the provisions of this Section. Such Additional Bonds shall be executed substantially in the form and manner hereinabove set forth or as provided in the applicable Supplemental Agreement and shall be deposited with the Bond Registrar for authentication, but before such bonds shall be authenticated and delivered by the Bond Registrar, there shall be filed with the Bond Registrar the following:

(a) a fully executed copy of the Supplemental Agreement mentioned above;

(b) a certificate, signed by the Executive Director, setting forth

(i) the amount of the Net Revenues shown by any twelve (12) consecutive of the last eighteen (18) monthly reports filed under the provisions of said Section 709, provided that, if any adjustment of rates, fees, tolls and other charges had been put into effect during or after the end of such twelve (12) month period, such Net Revenues will be adjusted to reflect Revenues which the Consulting Engineers estimate would have resulted had the adjustment been in effect for the entire twelve (12) month period, and

(ii) the respective amounts of the Principal and Interest Requirements (employing the methods of calculation set forth in Section 210(C) hereof in the case of Derivative Indebtedness) for the current fiscal year and for each fiscal year thereafter on account of the bonds of each Series then outstanding (as determined by the Trustee) and the Additional Bonds then requested to be authenticated and delivered; and

(c) an opinion of counsel for the Authority stating that the issuance of such Additional Bonds has been duly authorized, that all resolutions of the Authority relating thereto have been duly adopted and are no longer subject to cancellation by the Governor of the State of Delaware or the Governor of the State of New Jersey, and that all conditions precedent to the delivery of such Additional Bonds have been fulfilled.

When the documents mentioned above in this Section shall have been filed with the Bond Registrar and when said Additional Bonds shall have been executed and authenticated as required by this Agreement, the Bond Registrar shall deliver such bonds at one time to or upon the order of the purchasers named in the Supplemental Agreement mentioned in clause (a) of this Section, but only upon payment to the Authority of the purchase price of such bonds and the accrued interest, if any, thereon. The Bond Registrar shall be entitled to rely upon such Supplemental Agreement as to the names of the purchasers, the names of the Paying Agents and any Depositary for such bonds, the initial Amortization Requirements for any term bonds of such Series, the interest rate of each of such bonds and the amount of such purchase price, but the Bond Registrar shall not authenticate and deliver such bonds unless the percentage derived by dividing the amount shown in item (i) of the certificate mentioned in clause (b) of this Section by the maximum amount of the Principal and Interest Requirements (employing the methods of calculation set forth in Section 210(C) hereof in the case of Derivative Indebtedness) for any fiscal year thereafter on account of all bonds then outstanding and the Additional Bonds then requested to be authenticated and delivered as shown in item (ii) of such certificate shall be not less than one hundred twenty per centum (120%).

Anything in this Agreement to the contrary notwithstanding, Additional Bonds may be issued pursuant to clause (ii) of the first paragraph of this Section 209 without meeting the requirements of the preceding paragraph provided that, in addition to the other requirements of this Section 209, there shall be delivered to the Trustee a certificate of the Consulting Engineers setting forth (i) in reasonable detail the improvement, reconstruction or rehabilitation and the Additional Facilities for which such payment is to be made, (ii) the estimated cost of such improvement, reconstruction or rehabilitation, (iii) the amounts reasonably expected to be available therefor from insurance proceeds, and (iv) that such improvement, reconstruction or rehabilitation is necessary to prevent a loss of Net Revenues derived from such Additional Facilities, that such loss would result from an emergency or some unusual or extraordinary occurrence that has occurred and that insurance proceeds relating to such occurrence are not then available in amounts sufficient to improve, reconstruct or rehabilitate such Additional Facilities to prevent such loss of Net Revenues.

**SECTION 210. Refunding Bonds.** Series of refunding bonds of the Authority may be issued under and secured by this Agreement, subject to the conditions hereinafter provided in this Section, at any time or times, for the purpose of providing funds, together with other available moneys, for refunding prior to their maturity or maturities, including the payment of any redemption premium thereon or for paying at their maturity or maturities all or any part of

the outstanding bonds of any Series and/or all or any part of any other Indebtedness of the Authority, including without limitation, Subordinate Obligations and/or other Indebtedness incurred under this Agreement provided that any such Subordinate Obligations and/or other Indebtedness was originally incurred with respect to Additional Facilities and, if deemed necessary by the Authority, for paying the interest thereon to the date of their redemption or payment 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 Authority shall enter into a Supplemental Agreement authorizing the issuance of such bonds, fixing the amount and the details thereof and describing the bonds to be redeemed or paid. Such revenue refunding bonds shall be designated, shall be dated and numbered, shall bear interest at a rate or rates or shall have such yield or yields, shall be stated to mature in such year or years, and in such principal amount or amounts, may be insured in whole or in part or may have the benefit in whole or in part of a Credit Facility or a Bond Insurance Policy, and shall be made redeemable at such times and prices (subject to the provisions of Article III of this Agreement), all as may be provided by the applicable Supplemental Agreement. Such refunding bonds may be issued in such forms including, but in no way limited to, Capital Appreciation Bonds, Current Interest Bonds, Variable Rate Bonds, Optional Tender Bonds (provided the Authority delivers concurrently with the authentication of such bonds a Credit Facility which the Trustee or another fiduciary may draw upon to pay the Purchase Price of any such bonds), serial bonds or term bonds or any combination thereof, all as may be provided in the applicable Supplemental Agreement.

Except as to any Credit Facility or Bond Insurance Policy in respect of such bonds and as to any difference in the maturities thereof or in the rate or rates of interest or the provisions for redemption purchase, and except for such differences, if any, respecting the use of moneys in the various accounts in the Debt Service Fund, such revenue refunding bonds shall be on a parity with and shall be entitled to the same benefit and security of this Agreement as the bonds theretofore or thereafter issued under the provisions of Sections 208 and 209 of this Article.

Revenue refunding bonds issued under the provisions of this Section shall be executed substantially in the form and manner hereinabove set forth or as provided in the applicable Supplemental Agreement and shall be deposited with the Bond Registrar for authentication, but before such bonds shall be authenticated and delivered by the Bond Registrar, there shall be filed with the Bond Registrar the following:

- (a) a fully executed copy of the Supplemental Agreement mentioned above; and
- (b) an opinion of counsel for the Authority stating that the issuance of such bonds has been duly authorized, that all resolutions of the Authority relating thereto have been duly adopted and are no longer subject to cancellation by the Governor of the State of

Delaware or the Governor of the State of New Jersey, and that all conditions precedent to the delivery of such bonds have been fulfilled.

When the documents mentioned above in this Section shall have been filed with the Bond Registrar and when said bonds shall have been executed and authenticated as required by this Agreement, the Bond Registrar shall deliver such bonds at one time to or upon the order of the purchasers, but only upon payment to the Authority of the purchase price of such bonds and the accrued interest, if any. The Bond Registrar shall be entitled to rely upon such Supplemental Agreement as to the names of the purchasers, the names of the Depositary and Paying Agents, any Amortization Requirements, the interest rate of each of such bonds and the amount of such purchase price, but the Bond Registrar shall not authenticate and deliver such bonds unless

(I) the proceeds (excluding accrued interest) of such revenue refunding bonds, together with any other available funds deposited with the Trustee for such purpose and the income that shall accrue or have accrued upon any Defeasance Obligations acquired pursuant to subparagraph (2) 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 (calculated with respect to interest that will accrue on any bonds or Parity Indebtedness being refunded with Crossover Refunding Bonds, from the Crossover Date), and the expenses incident to such refunding, and

(II) either (A) in the case of a refunding of bonds, during the fiscal years in which any of the bonds not so refunded are scheduled to be outstanding, the Principal and Interest Requirements for any fiscal year 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 such fiscal years on account of all the bonds outstanding, including the bonds to be refunded, immediately prior to the issuance of such refunding bonds or (B) in any case, the Authority shall demonstrate satisfaction of the test set forth in Section 209 in connection with the issuance of Additional Bonds as applied mutatis mutandis to the refunding bonds to be issued under the provisions of this Section.

In applying the foregoing test, if any of the bonds outstanding immediately prior to or after the issuance of the refunding bonds to be issued constitute Optional Tender Bonds, Variable Rate Bonds or Derivative Indebtedness, the following provisions, shall be applied in determining the Principal and Interest Requirements of such bonds:

(A) Optional Tender Bonds. If any of the outstanding bonds constitute Optional Tender Bonds, then for purposes of the amounts to be shown in this Section above, the options of the owners of such bonds to tender the same for payment prior to their stated maturity or maturities shall be ignored, provided (1) if such bonds also constitute

Variable Rate Bonds, the Authority shall adjust such amounts shown in this Section as provided in paragraph (B) below, (2) if such bonds are secured by a Credit Facility, the Credit Bank or obligations secured by credit facilities issued by such Credit Bank shall be rated in one of the three highest rating categories (without reference to gradations such as "plus" or "minus") by the Rating Services, and (3) if any obligation the Authority may have, other than its obligation on such bonds (which need not be uniform as to all holders thereof), to reimburse any Credit Bank including any obligations so to reimburse in excess of the Principal and Interest Requirements on such bonds (determined without regard to whether such Credit Bank shall then be holding or shall then have had pledged to it such bonds) shall be subordinated to the obligation of the Authority on the bonds.

(B) Variable Rate Bonds. If any of the outstanding bonds constitute Variable Rate Bonds, then for purposes of the amounts shown in this Section, (i) the interest rate used in such computation shall be the greatest of (1) the maximum interest rate established in the Supplemental Agreement for such bonds, (2) if and so long as an interest-rate guaranty agreement or an interest-rate protection agreement is in effect with an institution that is rated by the Rating Services in a category that is equal to or higher than the category in which the bonds are rated, the maximum interest rate to be paid by the Authority on such bonds in accordance with such agreement and (3) the interest rate estimated by the Executive Director of the Authority in a certificate filed with the Bond Registrar, to be the fixed rate of interest the Variable Rate Bonds would have borne had they been issued as fixed rate bonds and (ii) any obligation the Authority may have to make any payments in respect of any such agreement shall be subordinated to the obligation of the Authority on the bonds. The conversion of bonds constituting Variable Rate Bonds to bear interest at a different variable rate or a fixed rate or rates, in accordance with their terms, shall not constitute a new issuance of bonds under Section 209 or Section 210 of this Agreement.

(C) Derivative Indebtedness. If any of the outstanding bonds constitute Derivative Indebtedness, then for purposes of the amounts to be shown in this Section above, the interest on such Derivative Indebtedness shall be calculated based on the payment liability of the Authority with respect to the Derivative Indebtedness (1) taking into account the net amount to be paid or provided pursuant to any hedging vehicle or contract which was executed simultaneously with such Derivative Indebtedness and (2) taking into account any additional debt security which was executed simultaneously with such Derivative Indebtedness.

Simultaneously with the delivery of such refunding bonds, the Authority may withdraw from the Debt Service Fund such amount, if any, as may have been deposited to the credit of the Debt Service Fund for the payment of the principal of or interest on the bonds to be refunded and any excess to the credit of the Debt Service Reserve Fund. The amounts so withdrawn, the proceeds (excluding accrued interest but including any premium) of such refunding bonds and

any other moneys that shall have been otherwise made available to the Bond Registrar for such purpose, after provision for payment of the expenses incident to such refunding, including the payment of any premiums or costs and expenses associated with any Credit Facility or Bond Insurance Policy, shall be applied by the Bond Registrar, 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 Fund;

(2) an amount which, together with the interest that shall accrue on the Defeasance Obligations acquired pursuant to this paragraph (2), shall be sufficient to pay the principal and redemption premium of and the interest on any Crossover Refunding Bonds then being issued to the Crossover Date and on the bonds to be refunded hereunder (from the Crossover Date in respect of bonds or Parity Indebtedness being refunded with Crossover Refunding Bonds) shall be deposited by the Bond Registrar to the credit of a special escrow fund, appropriately designated, to be held in trust by the Trustee or a Depositary for the sole and exclusive purpose of paying such principal, redemption premium and interest; and money held for the credit of such escrow fund shall, as nearly as may be practicable and reasonable, be invested and reinvested by the Trustee or such Depositary, as the case may be, in Defeasance Obligations which shall mature or be subject to redemption at the option of the holder thereof at such time or times as the Trustee or such Depositary, as the case may be, shall determine to be necessary or desirable to effectuate the purpose of such refunding bonds as stated in the Supplemental Agreement mentioned in clause (a) of this Section;

(3) the amount, if any, required to make the amount then to the credit of the Debt Service Reserve Fund equal to the Debt Service Reserve Fund Requirement; and

(4) any balance of such proceeds shall be deposited to the credit of the Revenue Fund;

provided, however, that if the refunding shall be a crossover refunding, then amounts derived from Crossover Refunding Bonds shall be applied by the Trustee in accordance with the applicable Supplemental Agreement but such amounts (except for such amounts to be used to pay expenses incidental to the issuance of such Crossover Refunding Bonds) shall in any case not be applied to pay principal of or any redemption premium or interest on the bonds or Parity Indebtedness being refunded until the Crossover Date, unless otherwise provided in such Supplemental Agreement.

All expenses in connection with the issuance of such refunding bonds shall be deemed to constitute necessary Current Expenses and may be paid from the General Fund, the Revenue Fund or the proceeds of such refunding bonds.

**SECTION 211. Temporary bonds.** Until definitive bonds of any Series 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, temporary printed, engraved, typewritten or lithographed bonds, in the form of fully registered bonds without coupons in denominations (except as otherwise provided by the Authority in a Supplemental Agreement) of \$5,000 or any multiple thereof, or a single temporary bond in the denomination equal to the aggregate principal amount of the bonds of such Series and payable in installments corresponding to the maturities of such Series with payment record attached for the notation of payments of such installments and interest without presentation and surrender of such single temporary bond, as the Authority may provide by Supplemental Agreement, substantially of the tenor hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

Until definitive bonds of any Series are ready for delivery, any temporary bond of such Series may, if so provided by the Authority by Supplemental Agreement, be exchanged at the principal 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 principal 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 authorized denominations, 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 Agreement as the definitive bonds to be issued and authenticated hereunder.

**SECTION 212. Mutilated, destroyed or lost bonds.** In case any bond secured hereby shall become mutilated or be destroyed 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 or lost, upon the holder's paying the reasonable expenses and charges of the Authority and the Bond Registrar in connection therewith and, in the case of a bond destroyed or lost, his filing 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 furnishing the Authority and the Bond Registrar with indemnity, including corporate surety, satisfactory to them. Notwithstanding the foregoing, in the event any such bond shall have matured or a redemption date pertaining thereto shall have passed, instead of issuing a new bond the Authority may elect to pay the same without surrender thereof.

Every bond issued pursuant to the provisions of this Section in exchange or substitution for any bond that is mutilated, destroyed, stolen or lost shall constitute an additional contractual obligation of the Authority, whether 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 Agreement. 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. (a) The bonds of any Series issued under the provisions of this Agreement may be redeemed prior to their respective maturities, as a whole and in part and at such times and prices, as may be provided in the applicable Supplemental Agreement providing for the issuance of such bonds.

(b) In addition, any term bonds are required to be redeemed to the extent of the Amortization Requirements, if any.

(c) The bonds of each Series shall be redeemed only in the minimum denomination authorized by the applicable Supplemental Agreement or in whole multiples of such minimum denomination. In selecting bonds of a Series for redemption, the Authority shall treat each bond as representing the number of bonds that is obtained by dividing the principal amount of such bond by the minimum denomination authorized by the applicable Supplemental Agreement. If less than all of the bonds of a particular maturity of a Series shall be called for redemption, the particular bonds or portions of bonds to be redeemed shall be selected by lot by the Trustee by such method as the Trustee in its sole discretion shall determine.

SECTION 302. Redemption notice. Except as otherwise provided in a Supplemental Agreement, at least thirty (30) days but no more than sixty (60) days before the redemption date of any bonds, whether such redemption be as a whole or in part, the Trustee shall cause a notice of any such redemption signed by the Trustee, to be mailed, first-class, postage prepaid, to all owners of bonds or portions of bonds to be redeemed at their addresses as they appear on the registration books hereinabove provided for, but any defect in such notice or failure so to mail any such notice shall not affect the validity of the proceedings for such redemption of any other 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 if less than all of the bonds of a Series shall be called for redemption, the maturities of the bonds to be redeemed and

shall otherwise comply with Securities Exchange Act of 1934 Release No. 34-23856, dated December 3, 1986 (the "Redemption Release"), 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. In addition, the Authority shall cause a copy of the above notice of redemption to be sent to the persons specified in Section B of the Redemption Release at least two Business Days before notice is given in accordance with the second preceding sentence. Any failure to comply with the requirements of the Redemption Release or any failure to send such notice to the persons specified in said Section B shall not affect the validity of the proceedings for the redemption of any bonds. 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 of the same Series and maturity, of authorized denominations and in principal amount equal to the unredeemed portion of such bond will be issued.

SECTION 303. Effect of calling for redemption. On the date so designated for redemption, notice having been mailed in the manner and under the conditions hereinabove provided and unless the applicable Supplemental Agreement otherwise provides, the bonds or portions of bonds so called for redemption shall become and be due and payable at the Redemption Price provided therefor, plus accrued interest to such date. If money or Defeasance 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 Trustee in trust for the holders of bonds or portions thereof to be redeemed, interest on the bonds or portions of bonds so called for redemption shall cease to accrue after the date fixed for redemption, such bonds or portions of bonds shall cease to be entitled to any benefit or security under this Agreement or to be deemed outstanding, and the holders of such bonds or portions of bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof and the accrued interest and, to the extent provided in Section 304 of this Article, to receive bonds for any unredeemed portions of bonds.

SECTION 304. Redemption of portion of bonds. In case part but not all 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 registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the bond so surrendered, a bond or bonds of any denomination or denominations authorized by this Agreement of the same Series and maturity and bearing interest at the same rate.

SECTION 305. Cancellation. Unless the applicable Supplemental Agreement shall otherwise provide in the case of Optional Tender Bonds, bonds paid, redeemed or purchased,

either at or before maturity, shall be cancelled upon the payment, redemption or purchase of such bonds and shall be delivered to the Bond Registrar when such payment, redemption or purchase is made. All bonds cancelled under any of the provisions of this Agreement shall be destroyed by the Bond Registrar, which shall execute a certificate of destruction in triplicate describing the bonds so destroyed, and one executed certificate shall be filed with the Authority, one executed certificate shall be filed with the Trustee and the other executed certificate shall be retained by the Bond Registrar.

SECTION 306. Use of Defeasance Obligations to Redeem bonds. For purposes of all Sections in this Article, Defeasance 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 Defeasance Obligations, when due and without any reinvestment, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such bonds to such date; provided, however, that for Variable Rate Bonds, the Authority may provide in a Supplemental Agreement adopted at or prior to the issuance of such Variable Rate Bonds for a method of calculating the rate of interest, or for a maximum assumed rate of interest to be taken into account in determining the sufficiency of such Defeasance Obligations and any moneys held uninvested for such purpose.

#### ARTICLE IV.

#### CUSTODY AND APPLICATION OF PROCEEDS OF BONDS.

SECTION 401. Construction Fund. A special fund is hereby created and designated "The Delaware River and Bay Authority Construction Fund" (herein sometimes called the "Construction Fund"), to the credit of which such deposits shall be made as are required by the provisions of Articles II, V and VII of this Agreement or the provisions of any Supplemental Agreement. Different accounts for the various projects associated with the Additional Facilities may be established with different Depositaries, in which case, the provisions of this Agreement, including especially this Article IV, shall apply to each such account as though it were the entire Construction Fund.

The moneys in the Construction Fund shall be held by one or more Depositaries in trust and shall be applied to the payment of the cost of the Additional Facilities, and, pending such application, shall be subject to a lien and charge in favor of the owners of the bonds issued and outstanding under this Agreement and for the further security of such owners until paid out or transferred as herein provided.

SECTION 402. Payments from Construction Fund. Payment of the cost of any such Additional Facilities shall be made from the Construction Fund upon the direction or order of any Authority Representative. 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. Items of cost.** For the purposes of this Agreement the cost of any such Additional Facilities shall embrace the cost of constructing the same, the cost of all necessary access roads, interchanges or lead roads connecting the Additional Facilities with existing facilities and the cost of grade separations and any road relocations deemed necessary by the Authority in connection therewith, and, without intending thereby to limit or restrict any proper definition of such cost under the provisions of the Compact, shall include the following:

(a) obligations incurred for labor, materials and services and to contractors, builders and materialmen, for machinery and equipment, facilities, and ancillary items and the cost of utility services for the restoration or relocation of property damaged or destroyed in connection with such construction, for the removal or relocation of structures and for the clearing of lands and for the relocation of utilities;

(b) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any deposit in court or award or final judgment in or any settlement or compromise of and proceeding to acquire by eminent domain, such lands, property, rights, rights of way, easements, franchises and other interests therefor, including abstracts of title, title insurance, costs of surveys and other expenses in connection with such acquisition as may be deemed necessary or convenient by the Authority and the Consulting Engineers including lands acquired or payments made for wetlands or other mitigation purposes, options and partial payments thereon, the cost of demolishing or removing any buildings or structures or utilities on land so acquired, including the cost of acquiring any lands to which such buildings or structures or utilities may be moved, and the amount of any damages incident to or consequent upon the construction and operation of any such Additional Facilities;

(c) interest on the bonds prior to the commencement of, during and for a reasonable period after completion of the construction and acquisition of any such Additional Facilities, reserves for the payment of principal of and interest on the bonds, the fees and expenses of the Trustee, the Bond Registrar, any Depositary, Paying Agents, indexing agents and remarketing agents for their services prior to and during construction, taxes or other municipal or governmental charges lawfully levied or assessed during construction of any such Additional Facilities or any property acquired therefor, and premiums on insurance (if any) in connection with any such Additional Facilities during construction;

(d) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing and acquiring any such Additional Facilities,

and fees and expenses for making studies, surveys and estimates of costs and of revenues and other estimates and for preparing plans and specifications and supervising construction, as well as for the performance of all other duties of engineers in relation to the construction and acquisition of any such Additional Facilities and the issuance of bonds therefor;

(e) expenses of administration and overhead properly chargeable to any such Additional Facilities, including salaries, wages and benefits of employees and agents of the Authority, legal expenses and fees, financing charges, cost of audits and of preparing and issuing the bonds, other consultant fees and expenses and all other items of expense not elsewhere in this Section specified incident to the construction, acquisition and equipment of any such Additional Facilities, the financing thereof, the placing of the same in operation (including the initial premiums on any insurance required or obtained under the provisions of this Agreement), and the acquisition of lands, property, rights, rights of way, easements, franchises and interests therefor, including abstracts of title, title insurance, cost of surveys and other expenses in connection with such acquisition; and

(f) reimbursement of any obligation or expense heretofore or hereafter incurred by the Authority (including any obligations issued by the Authority) or the State Highway Department of the State of Delaware or the State Highway Department of the State of New Jersey in connection with any such Additional Facilities with the approval of the Authority for any of the foregoing purposes.

(g) preparation of surveys, cost estimates, appraisals, plans and specifications for, and fees for architectural, engineering, environmental, supervisory and consulting services, planning and development costs, the costs of obtaining governmental or regulatory or other assessments, appraisals, permits, licenses, franchises and approvals for any such Additional Facilities, and any other fees or expenses necessary or incidental to determining the feasibility or practicability of the acquisition, construction and operation of any such Additional Facilities;

(h) accounting and financial advisory fees and expenses, legal expenses and fees, underwriting or private placement fees, fees of any Insurer or Credit Bank, filing and rating agencies' fees and printing and engraving costs incurred in connection with the authorization, sale and issuance of the bonds, fees of any verification agent, the validation of the bonds, the preparation, execution and filing of any financing statements and all other documents in connection therewith, and payment of all fees, costs and expenses for the preparation of this Agreement, any Supplemental Agreement and the bonds, including recording fees and documentary stamp taxes, if any, and any other fees, intangible taxes and expenses necessary or incidental to the issuance and sale of the bonds;

(i) all federal, state and local taxes and payments in lieu of taxes legally required, or deemed advisable by the Authority to be paid in respect of any such Additional Facilities;

(j) to the extent they shall not be paid by a contractor, premiums of all insurance and surety and performance bonds required to be maintained in connection with any such Additional Facilities and all costs and expenses relating to injury, damage claims arising from any such Additional Facilities and casualty and liability insurance premiums in connection with insurance against loss from such claims;

(k) all costs and expenses incurred in connection with any such Additional Facilities of administration, operating and maintenance and repair facilities, equipment, signage and furnishings necessary or useful in connection with any such Additional Facilities;

(l) all arbitrage rebate payments owing to the United States of America from time to time, as well as any fees and expenses that may be incurred with respect to the calculation thereof or otherwise in connection therewith; and

(m) all costs and expenses in connection with any lawful purpose of the Authority.

SECTION 404. Authority to Obtain Good and Marketable Title. The Authority covenants that any such Additional Facilities will be constructed on land good and marketable title to the surface rights in which is owned or can be acquired by the Authority or over which the Authority shall have acquired or can acquire perpetual easements or title or rights sufficient for the needs and purposes of any such Additional Facilities, free from all liens, encumbrances and defects of title except liens, encumbrances or defects of title which do not have a materially adverse effect upon the Authority's right to use such lands or properties for the purposes intended.

SECTION 405. Disposition of balance in Construction Fund. When the construction of any such Additional Facilities shall have been completed, which fact shall be evidenced by a certificate stating the date or the expected date of such completion (herein referred to as the "Completion Date"), signed by the Executive Director, accompanied by an opinion of counsel (who may be counsel for the Authority) stating that the Additional Facilities are free from all liens and encumbrances except liens or encumbrances which do not have a materially adverse effect upon the Authority's access to and right to use such Additional Facilities for the purposes intended or which have been adequately guarded against by a bond or other form of indemnity, that there are no unsatisfied mechanics', laborers', contractors' or materialmen's liens on any property constituting a part of any such Additional Facilities or on file in any public office where the same should be filed in order to be valid liens against any part of such property, and that the time within which such liens can be filed has expired, the balance in the Construction Fund

applicable to any such Additional Facilities not reserved by the Authority for the payment of any remaining part of the cost of any such Additional Facilities shall be transferred by the Depository to the credit of the Debt Service Reserve Fund, the General Fund or the Debt Service Fund as the Authority may direct.

If at any time the Chairman or the Vice-Chairman of the Authority shall certify and the Consulting Engineers shall confirm that the cost of any such Additional Facilities has been finally determined and that the amount reserved under this Section exceeds the part of such cost then remaining unpaid, an amount equal to such excess shall forthwith be transferred by the Depository from the Construction Fund to the Debt Service Reserve Fund, the General Fund or the Debt Service Fund as the Authority may direct; provided, in either case, that no such transfers shall take place until the Authority and the Trustee shall have received an opinion of counsel for the Authority stating that such transfer of funds shall not adversely affect the exclusion, if any, of interest on the bonds from the gross income of the recipients thereof for purposes of federal income tax.

In addition, the Authority may provide by Supplemental Agreement for the disposition of any balance in the Construction Fund that is allocable to any Additional Facilities.

## ARTICLE V.

### REVENUES AND FUNDS.

SECTION 501. Covenant as to tolls. (a) The Authority covenants:

(i) that it will at all times fix, revise, charge and collect tolls and other charges for traffic using the Crossing Facilities in order to provide an amount of Net Revenues in each fiscal year equal to not less than the greater of (A) one hundred twenty-five per centum (125%) of the Principal and Interest Requirements for such fiscal year on account of all bonds then outstanding and (B) one hundred percent (100%) of the sum in such fiscal year of (I) the Principal and Interest Requirements for such fiscal year on account of all bonds outstanding, (II) any deficiency in the amount required to be on deposit in the Debt Service Reserve Fund (the "Debt Service Reserve Fund Requirement"), (III) the deposits to the Reserve Maintenance Fund for such fiscal year required by the provisions of Section 506(c); provided that, the determination of the Principal and Interest Requirements for all purposes of this paragraph shall be calculated (C) in the case of Derivative Indebtedness, employing the methods of calculation set forth in Section 210(C) hereof and (D) in the case of each Series or maturity of Variable Rate Bonds bearing interest at the same rate, at an assumed rate equal to one hundred twenty-five per centum (125%) of the average rate of interest borne by such Variable Rate Bonds during the immediately preceding twelve (12) month period or such shorter periods as such Variable Rate Bonds shall have been issued and Outstanding.

(ii) that if the schedules of tolls then in effect for traffic using the Crossing Facilities are not producing Net Revenues sufficient to satisfy the requirements in paragraph (a)(i) above in any fiscal year, it will request the Consulting Engineers to make recommendations as to a revision of the schedules of tolls in order to produce the maximum amount of Net Revenues possible and, upon receiving such recommendations, it will revise such schedules of tolls in order to (A) produce Net Revenues sufficient to satisfy the requirements of paragraph (a)(i) above or (B) if it is not possible to satisfy the requirements of paragraph (a)(i), then in order to produce the maximum amount of Net Revenues possible.

(b) The failure in any fiscal year to comply with the covenant in Section 501(a)(i) shall not constitute an event of default under the provisions of clauses (c) and (g) of Section 801 of this Agreement, if the Authority shall comply with all recommendations of the Consulting Engineers in respect of tolls made pursuant to Section 501(a)(ii); provided, however, that the Authority shall increase tolls unless such Consulting Engineers shall be of the opinion that no schedules of tolls will produce Revenues sufficient to provide the amounts referred to in Section 501(a)(i) for such fiscal year, in which case the Authority shall fix and establish such schedules of tolls as the Consulting Engineers state will enable the Authority to comply as nearly as is then possible with the covenant in said Section 501(a)(i), as evidenced in a certificate filed with the Trustee, and in such event the failure of the Authority to comply with said Section 501(a)(i) shall not constitute an event of default under the provisions of clauses (c) and (g) of Section 801 of this Agreement.

SECTION 502. Uniformity of tolls. The Authority covenants that tolls will be classified in a reasonable way to cover all traffic, so that the tolls charged on each Crossing Facility may be uniform in application to all traffic falling within any reasonable class regardless of the status or character of any person, firm or corporation using such Crossing Facility, and that no reduced rate of toll will be allowed within any such class except that, subject to the provisions of Section 501 of this Article, provision may be made for the use of commutation or other tickets or privileges based upon frequency or volume. The Authority further covenants that no free vehicular passage will be permitted on the Crossing Facilities or any part thereof except to (a) vehicles of members, officers and employees of the Authority while they are in the discharge of their official duties and as may be permitted in accordance with such policies or guidelines as may be adopted by the Authority from time to time, (b) to vehicles of any fire or police department of the State of Delaware or the State of New Jersey or any political subdivision thereof while operated in the discharge of official duties, (c) to ambulances owned or operated by a non-profit organization while in the discharge of their duties and (d) to vehicles owned or operated by agents and independent contractors of the Authority which are used in connection with the maintenance or operation of the Crossing Facilities.

SECTION 503. Revenue Fund. A special fund is hereby created and designated "The Delaware River and Bay Authority Revenue Fund" (herein sometimes called the "Revenue

Fund"). The Authority covenants that all tolls and other revenues derived by the Authority from its ownership and operation of the Crossing Facilities will be collected by the Authority and deposited daily, so far as practicable, with a Depositary or Depositaries, to the credit of the Revenue Fund. The moneys in the Revenue Fund shall be held by such Depositary or Depositaries in trust and applied upon the direction or order of an Authority Representative to the payment of Current Expenses, except for the withdrawals which the Depositary is hereby authorized to make as provided in Section 506 and, pending such application, such moneys shall be subject to a lien and charge in favor of the owners of the bonds issued and outstanding hereunder and for the further security of such owners until paid out or withdrawn as herein provided.

SECTION 504. Annual inspection of Crossing Facilities and reports by Consulting Engineers. The Authority covenants that it will cause the Consulting Engineers employed by it under the provisions of Section 705 of this Agreement, among such other duties as may be imposed upon them by the Authority or by this Agreement, to make an inspection of such of the Crossing Facilities, at least once in each year and, on or before the 1st day of October in each fiscal year, to submit to the Authority a report setting forth with respect to such Crossing Facilities (a) their findings as to whether or not such Crossing Facilities have been maintained in good repair, working order and condition and (b) their recommendations as to

(i) the proper maintenance, repair and operation of the Crossing Facilities during the ensuing fiscal year, and

(ii) the replacement costs and maximum probable loss associated with the Crossing Facilities for use by the Authority in determining the appropriate levels of insurance to be carried under the provisions of Section 706 of this Agreement.

Promptly after the receipt of such reports by the Authority, copies thereof shall be filed with the Trustee.

The Authority further covenants that, if any such reports of the Consulting Engineers shall set forth that any part of the Crossing Facilities has not been maintained in good repair, working order and condition, it will, promptly restore such part of the Crossing Facilities to good repair, working order and condition with all expedition practicable in accordance with the recommendations of the applicable Consulting Engineers.

SECTION 505. Annual Budget. The Authority covenants that on or before the 1st day of December in each fiscal year it will adopt the final budget for the ensuing fiscal year of (i) Current Expenses and (ii) the amount to be deposited to the credit of the Reserve Maintenance Fund with respect to Crossing Facilities for the ensuing fiscal year and (iii) the general purposes for which moneys held for the credit of the Reserve Maintenance Fund shall be appropriated (herein sometimes called the "Annual Budget"). The final budget also shall contain the

Authority's Revenue projection for the ensuing fiscal year demonstrating compliance with the covenant as to tolls contained in Section 501(a)(i) of this Agreement. On or before the 10th day of December in such fiscal year copies of the Annual Budget shall be filed with the Trustee.

If for any reason the Authority shall not have adopted the Annual Budget before the first day of any fiscal year, the preliminary budget for such fiscal year, if any such preliminary budget has been adopted theretofore by the Authority, or, if there is none so adopted, the budget for the preceding fiscal year, shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Article.

The Authority may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current fiscal year, which shall be treated as the Annual Budget under the provisions of this Article. At least thirty (30) days prior to the adoption of any amended or supplemental Annual Budget, the Authority shall cause a notice of the proposed adoption of such amended or supplemental Annual Budget to be filed with the Trustee. Such notice shall briefly set forth the nature of the proposed amended or supplemental Annual Budget. Copies of any such amended or supplemental Annual Budget shall be filed with the Trustee.

The Authority further 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 Crossing Facilities in excess of the amounts provided for Current Expenses in the Annual Budget, except amounts which may be paid from the Reserve Maintenance Fund. 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 the Revenues, and the Authority shall not make any reimbursement therefor from Revenues.

**SECTION 506. Debt Service Fund; Other Funds.** A special fund is hereby created and designated "The Delaware River and Bay Authority Revenue Bonds Debt Service Fund" (herein sometimes called the "Debt Service Fund"). Four other special funds are hereby created and designated "The Delaware River and Bay Authority Debt Service Reserve Fund" (herein sometimes called the "Debt Service Reserve Fund"), "The Delaware River and Bay Authority Reserve Maintenance Fund" (herein sometimes called the "Reserve Maintenance Fund"), "The Delaware River and Bay Authority Subordinate Obligations Fund" (herein sometimes called the "Subordinate Obligations Fund") and "The Delaware River and Bay Authority General Fund" (herein sometimes called the "General Fund").

The moneys in the Debt Service Reserve Fund and the Debt Service Fund shall be held by the Trustee and the moneys in the Reserve Maintenance Fund and the General Fund shall be held by a Depositary appointed by the Authority in trust and applied as hereinafter provided with respect to each such Fund or Account 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 Agreement and for the further security of such holders until paid out or transferred as herein provided. Any moneys held in the Subordinate Obligations Fund shall be held and applied as may be provided pursuant to the terms of the related Subordinate Obligations.

It shall be the duty of the Authority to direct the Depositary or Depositaries for the Revenue Fund, on or before the 25th day of each month, and/or on such other Deposit Day as may be required pursuant to a Supplemental Agreement, to withdraw from the Revenue Fund and transfer to the Trustee an amount such that the aggregate amount of all such transfers will be in an amount equal to the amount of all moneys held for the credit of the Revenue Fund on the last day of the preceding month less an amount (to be held as a reserve for Current Expenses) not in excess of fifteen per centum (15%) of the amount shown by the Annual Budget to be necessary for Current Expenses for the current fiscal year (any percentage less than fifteen per centum (15%) to be determined by the Authority by resolution from time to time filed with the Trustee and each such Depositary) and the Trustee shall deposit or transfer, as appropriate, the sum so received to the credit of the following Accounts or Funds in the following order:

(a) deposit to the credit of the Debt Service Fund, such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be equal to the sum of

(i) so much of the Interest Requirement on the bonds as would accrue during the then current month, and

(ii) so much of the Principal Requirement of the bonds as would accrue during the then current month;

provided that in directing such transfers by the Depositary or Depositaries to the Trustee, the Authority shall take into account any accrued interest deposited in the Debt Service Fund from the proceeds of such Series of bonds and any amounts in the Construction Fund held by such Depositary, dedicated to pay interest on such bonds and anticipated to be available to pay interest on such bonds on the next Interest Payment Date and in directing such transfers to the Trustee on the Deposit Day immediately prior to any Interest Payment Date, the Authority shall take into account any investment income realized by the Authority from the investment of moneys to the credit of the Debt Service Fund since the Deposit Day next preceding the Interest Payment Date last occurring prior to such Deposit Day and such portion of any amount transferred or to be transferred to the Debt Service Fund pursuant to Section 508(b) as the Trustee may direct;

(b) deposit to the credit of the Debt Service Reserve Fund, such amount, if any, remaining after the deposits under clause (a) above (or the entire balance if less than the required amount) as may be required pursuant to Section 508(c) or (d);

(c) transfer to the Depositary or Depositaries for the Reserve Maintenance Fund, in such manner as the Authority shall direct, for deposit to the credit of the Reserve Maintenance Fund an amount equal to the greatest of (i) \$175,000, (ii) one twelfth (1/12) of the total amount budgeted for deposit thereto by the Authority in its Annual Budget; provided, however, that if as of any Deposit Day, there shall have been deposited to the credit of the Reserve Maintenance Fund the total amount so budgeted for the fiscal year, no further deposit shall be required pursuant to this clause (ii) and (iii) one-twelfth (1/12) of the amount, if any, calculated as of the last Business Day of the immediately preceding fiscal year necessary in order that the amount on deposit in the Reserve Maintenance Fund equals \$4,000,000; provided, however, that the Authority may covenant with the holders of any Subordinate Obligations that the amounts to be deposited pursuant to this paragraph (c) shall be an amount equal to the lesser of (x) the greater of clauses (ii) and (iii) above and (y) clause (i) above and in that event, the amount required to be deposited pursuant to this clause (c), shall be an amount equal to the lesser of (x) the greater of clauses (ii) and (iii) above and (y) clause (i) above;

(d) transfer to the Depositary or Depositaries 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 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;

(e) in the event the Authority has elected pursuant to the proviso contained in paragraph (c) above to direct that an amount equal to the lesser of (x) the greater of clauses (ii) and (iii) of such paragraph and (y) clause (i) of such paragraph be deposited to the credit of the Reserve Maintenance Fund, transfer to the Depositary or Depositaries for the Reserve Maintenance Fund, in such manner as the Authority shall direct, for deposit to the credit of the Reserve Maintenance Fund an amount equal to such amount, if any, as may be necessary to make the total amount deposited to the credit of such Fund in such month equal to the amount that would have been deposited pursuant to paragraph (c) above if such election had not been made; and

(f) transfer to the Depositary or Depositaries for the General Fund, in such manner as the Authority shall direct, for deposit to the credit of the General Fund, the balance, if any, remaining after making the deposits under clauses (a), (b), (c), (d) and (e) above.

The payments and deposits required pursuant to this Section shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be

paid or deposited in each month thereafter until such time as such deficiency shall have been made up.

Notwithstanding the foregoing provisions of clause (a), if there shall be to the credit of the Debt Service Fund on a Deposit Day the amount required to be on deposit to the credit of such Fund on the next Interest Payment Date and the next Principal Payment Date, no further deposit into such Fund on account of the requirements of said clause shall then be required.

If the Supplemental Agreement authorizing any Series of bonds shall provide that the interest is payable otherwise than semiannually on January 1 and July 1 of each year or that the principal or Amortization Requirements are payable otherwise than on January 1, then the Authority shall provide in such Supplemental Agreement for such deposits to the Funds mentioned in clauses (a) and (b) above as shall be necessary to accrue evenly and to ensure the sufficiency of the required deposits to make timely payment of the debt service on such bonds.

If any Series of bonds is secured by a Credit Facility, the Trustee shall establish a separate account or subaccount within the Debt Service Fund corresponding to the source of moneys for each deposit made into any of such account(s) so that the Trustee may at all times ascertain the source and date of deposit of the funds in each such account(s).

**SECTION 507. Application of Moneys in Debt Service Fund.** (a) The Trustee shall, on or before the Business Day immediately preceding each Interest Payment Date, withdraw from the Debt Service Fund and transfer to the Bond Registrar, and the Bond Registrar shall, except as otherwise provided by Supplemental Agreement, (1) remit by mail or wire transfer, as applicable in accordance with the provisions of Section 203 of this Agreement, to each registered owner of the amounts required for paying the interest on such bonds as such interest becomes due and payable and (2) set aside or deposit in trust with the Bond Registrar or any Paying Agent, the amounts required for paying the Principal of such bonds as such Principal becomes due and payable.

(b) Except in the case of any bonds that constitute Variable Rate Bonds or Optional Tender Bonds, at the direction of the Authority the Trustee shall endeavor to purchase bonds prior to maturity at the most advantageous price obtainable with reasonable diligence, such price not to exceed the principal amount of such bonds. The Trustee shall pay the purchase price and the interest accrued on such bonds to the date of settlement therefor from the Debt Service Fund; provided, however, that money in the Debt Service Fund may be used by the Trustee to purchase bonds for cancellation only to the extent said moneys are in excess of the amount required for payment of the bonds theretofore matured and the total amount of interest and principal on the bonds scheduled to become due on the next succeeding Interest Payment Date or Applicable Principal Payment Date, respectively; provided further, however, that nothing herein shall be construed as precluding the Authority from applying any other available moneys

to purchase bonds for cancellation in satisfaction of the Principal Requirements with respect to the bonds.

(c) In the case of bonds secured by a Credit Facility, amounts on deposit in the Debt Service Fund may be applied as provided in the applicable Supplemental Agreement to reimburse the Credit Bank for amounts drawn under such Credit Facility to pay the principal of and premium, if any, and interest on such bonds, as appropriate.

**SECTION 508. Use of Moneys in Debt Service Reserve Fund.** (a) Moneys held for the credit of the Debt Service Reserve Fund shall be transferred to the credit of the Debt Service Fund and used for the purpose of paying the Principal and Interest Requirements of all bonds whenever and to the extent that the moneys held for the credit of the Debt Service Fund and available moneys held for the credit of the General Fund and the Reserve Maintenance Fund shall be insufficient for such purpose.

If the amount transferred from the Debt Service Reserve Fund to the Debt Service Fund pursuant to the preceding paragraph shall be less than the amount required to be transferred thereunder, any amount thereafter deposited to the credit of the Debt Service Reserve Fund shall be immediately transferred to the Debt Service Fund as and to the extent required to make up any such deficiency.

(b) If on the Deposit Day immediately preceding each Interest Payment Date and/or Principal Payment Date in each fiscal year the moneys held for the credit of the Debt Service Reserve Fund shall exceed an amount equal to the Debt Service Reserve Fund Requirement, the Trustee shall transfer such excess to the credit of the Debt Service Fund.

(c) Whenever the amount on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Fund Requirement, the Trustee shall notify the Authority of the amount of the deficiency. Upon such notification: (i) in the event such deficiency shall have been determined in connection with a valuation of the Fund in accordance with the terms of Section 603 of this Agreement, the Authority immediately shall from any available moneys other than moneys held to the credit of the Revenue Fund pay an amount equal to the amount of such deficiency provided that, to the extent moneys are not available, payment shall be made pursuant to Section 506(b); and (ii) in the event such deficiency shall have resulted from a transfer made in accordance with the terms of Section 508(a) of this Agreement, in lieu of the entire amount of such deficiency, the Authority may pay commencing on the first Deposit Day after the date of such notification from moneys held to the credit of the Revenue Fund, and shall pay from moneys held to the credit of the Revenue Fund on the Deposit Day in each month thereafter, to the Trustee for deposit to the credit of the Debt Service Reserve Fund an amount not less than one-sixth (1/6th) of the amount of such deficiency until such deficiency is made up, drawing upon funds available in the Revenue Fund.

(d) The Authority may satisfy the Debt Service Reserve Fund Requirement by the deposit of a surety bond, insurance policy or letter of credit as set forth below, provided that the following provisions have been fulfilled.

1. A surety bond or insurance policy issued to the Trustee by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the bonds (a "municipal bond insurer") may be deposited in the Debt Service Reserve Fund to meet the Debt Service Reserve Fund Requirement if the claims paying ability of the issuer thereof shall be rated in the highest rating category of the Rating Services (without regard to gradations such as "plus" or "minus").
2. An unconditional irrevocable letter of credit issued to the Trustee by a bank may be deposited in the Debt Service Reserve Fund to meet the Debt Service Reserve Fund Requirement if the issuer thereof is rated in one of the two highest rating categories of the Rating Services (without regard to gradations such as "plus" or "minus"). The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the Authority and the Trustee, not later than 18 months prior to the stated expiration date of the letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

If such notice indicates that the expiration date shall not be extended, the Authority shall deposit in the Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Obligations on deposit in the Debt Service Reserve Fund together with any other qualifying credit instruments, to equal the Debt Service Reserve Fund Requirement on all outstanding bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Debt Service Reserve Fund credit instrument is replaced by a Debt Service Reserve Fund credit instrument meeting the requirements in any of subparagraphs 1 or 2 above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration of termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee is directed to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Debt Service Reserve Fund is fully funded in its required amount.

3. The obligation to reimburse the issuer of a Debt Service Reserve Fund credit instrument for any fees, expenses, claims or draws upon such Debt Service

Reserve Fund credit instrument shall be subordinate to the payment of the principal and interest on the bonds. The right of the issuer of a Debt Service Reserve Fund credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Debt Service Reserve Fund, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Debt Service Reserve Fund. The Debt Service Reserve Fund credit instrument shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid.

4. If (a) the revolving reinstatement feature described in the preceding subparagraph is suspended or terminated or (b) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below the highest rating category of the Rating Services (without regard to gradations such as "plus" or "minus") or (c) the rating of the issuer of the letter of credit falls below one of the two highest rating categories of the Rating Services (without regard to gradations such as "plus" or "minus"), the Authority shall either (i) deposit into the Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Obligations on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement on all outstanding bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of subparagraphs 1 or 2 above within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below one of the three highest rating categories of the Rating Services (without regard to gradations such as "plus" or "minus") or (b) the rating of the issuer of the letter of credit falls below one of the three highest rating categories of the Rating Services (without regard to gradations such as "plus" or "minus") or (c) the issuer of the Debt Service Reserve Fund credit instrument defaults in its payment obligations or (d) the issuer of the Debt Service Reserve Fund credit instrument becomes insolvent, the Authority shall either (i) deposit into the Debt Service Reserve Fund an amount sufficient to cause the cash or Investment Obligations on deposit in the Debt Service Reserve Fund to equal the Debt Service Reserve Fund Requirement on all outstanding bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of subparagraphs 1 or 2 above within six months of such occurrence.
5. Where applicable, the amount available for draws or claims under the Debt Service Reserve Fund credit instrument may be reduced by the amount of cash

or Investment Obligations deposited in the Debt Service Reserve Fund pursuant to clause (i) of the preceding subparagraph 4.

6. The Trustee shall ascertain the necessity for a claim or draw upon the Debt Service Reserve Fund credit instrument and shall provide notice to the issuer of the Debt Service Reserve Fund credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Debt Service Reserve Fund credit instrument) prior to each Interest Payment Date.
7. Cash on deposit in the Debt Service Reserve Fund shall be used (or Investment Obligations purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Debt Service Reserve Fund credit instrument. If and to the extent that more than one Debt Service Reserve Fund credit instrument is deposited in the Debt Service Reserve Fund, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

SECTION 509. Use of Moneys in Reserve Maintenance Fund. Except as hereinafter provided in this Section, moneys held for the credit of the Reserve Maintenance Fund shall be disbursed only for the purpose of paying the cost of

(a) unusual or extraordinary maintenance or repairs, maintenance or repairs not recurring annually, including, without limitation, Bridge and vessel painting and vessel maintenance requiring dry-docking, and renewals and replacements, including major items of equipment,

(b) repairs or replacements resulting from an emergency caused by some extraordinary occurrence,

(c) paying all or any part of the cost of any Additional Facilities, but only to the extent of any moneys held for the credit of the Reserve Maintenance Fund in excess of \$4,000,000,

(d) providing for any necessary improvements to the approaches and approach highways constituting a part of the Crossing Facilities,

(e) premiums on insurance related to the Crossing Facilities, and

(f) engineering expenses incurred under the provisions of this Section.

Such disbursements by the Depository shall be made in accordance with the provisions of Section 402 of this Agreement for payments from the Construction Fund to the extent that such provisions may be applicable.

If at any time the moneys held for the credit of the Debt Service Fund and the General Fund shall be insufficient for the purpose of paying the principal and interest on all the bonds as such principal and interest become due and payable, then it shall be the duty of the Authority to direct the Depository or Depositaries to transfer from any unencumbered moneys held by each such Depository for the credit of the Reserve Maintenance Fund to the credit of the Debt Service Fund an amount such that the aggregate amount of all such transfers will in an amount sufficient to make up any such deficiency. Except as provided in the immediately preceding sentence, amounts in the Reserve Maintenance Fund may not be applied or pledged to the payment of debt service associated with any Indebtedness.

In the event that the amount on deposit in the Reserve Maintenance Fund as of the last Business Day of the immediately preceding fiscal year is equal to or exceeds \$4,000,000, then any amount in excess of \$4,000,000 shall be promptly transferred to the General Fund. The Executive Director or Authority Representative shall give appropriate directions to the one or more Depositaries to make such transfers to the General Fund as may be necessary in order to comply with the provisions of this paragraph.

**SECTION 510. Use of Moneys in Subordinate Obligations Fund.** (a) 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 Crossing 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.

(b) 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. Use of Moneys in General Fund.** (a) The Authority may use, pledge or encumber moneys held to the credit of the General 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 Agreement any moneys held for the credit of the General Fund as directed in a resolution duly adopted by the

Authority; provided, however, that if moneys held for the credit of the Debt Service Fund shall be insufficient to pay the principal of and interest on all bonds at the time such interest and principal become due and payable, the Authority shall transfer from any moneys held to the credit of the General Fund and not otherwise pledged or encumbered (herein called "available moneys") to the Trustee for deposit to the credit of the Debt Service Fund an amount equal to such deficiency.

(b) 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 General Fund are pledged to add to the conditions, limitations and restrictions under which any additional bonds may be issued under the provisions of Sections 209 and 210, respectively, hereof.

SECTION 512. Moneys set aside to be held in trust. All moneys which the Trustee shall have withdrawn from the Debt Service Fund or shall have received from any other source and set aside, or deposited with the Bond Registrar or Paying Agents, for the purpose of paying any of the bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective holders of such bonds. But any moneys which shall be so set aside or deposited by the Trustee and which shall remain unclaimed by the holders of such bonds for the period of two (2) years after the date on which such bonds shall have become due and payable shall upon request in writing 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, each Depositary and the Paying Agents shall have no responsibility with respect to such moneys.

## ARTICLE VI.

### DEPOSITARIES OF MONEYS, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS.

SECTION 601. Deposits constitute trust funds. All moneys received by the Authority under the provisions of this Agreement shall be held in trust and applied only in accordance with the provisions of this Agreement.

All moneys deposited with the Trustee or any other Depositary hereunder in excess of the amount insured by the Federal Deposit Insurance Corporation shall be continuously secured, for the benefit of the Authority and the holders of the bonds, either (a) by lodging with a bank or trust company approved by the Authority, as collateral security, Government Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable laws of Delaware or New

Jersey, or regulations, having a market value (inclusive of accrued interest) not less than the amount of such deposit or (b) in such other manner as may then be required or permitted by applicable state or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Bond Registrar or the Paying Agents to give security for the deposit of any moneys with them for the payment of the principal of or the redemption premium or the interest on any bonds issued hereunder, or for the Trustee or any Depositary to give security for any moneys which shall be represented by obligations purchased under the provisions of this Article as an investment of such moneys.

All moneys held by the Authority or deposited with each Depositary, including the Trustee, shall be credited to the particular fund or account to which such moneys belong.

**SECTION 602. Investment of moneys.** Moneys held for the credit of the Construction Fund or any special construction fund shall be invested by the Depositary thereof, from time to time, at the direction of an Authority Representative, in Investment Obligations that shall mature, or that shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of said Fund or special accounts will be required for the purposes intended.

Moneys held for the credit of the Revenue Fund shall be invested by the Depositary thereof, from time to time, at the direction of any Authority Representative in Investment Obligations which (other than as described in paragraph (f) of such definition) shall mature, or which shall be subject to redemption at the option of the holder thereof, not later than twelve (12) months after the date of such investment.

Moneys held for the credit of the Debt Service Fund shall, as nearly as may be practicable, be invested and reinvested by the Trustee, from time to time, at the direction of any Authority Representative in Investment Obligations which (other than as described in paragraph (f) or (g) of the definition of Investment Obligations) shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when the moneys held for the credit of said Fund will be required for the purposes intended.

Moneys held for the credit of the Debt Service Reserve Fund may be invested by the Trustee, from time to time, at the direction of any Authority Representative in Investment Obligations with a maturity (other than as described in paragraph (f) or (g) of such definition) or which shall be subject to redemption at the option of the Holder thereof not later than the final maturity of the bonds outstanding.

Moneys held for the credit of the Reserve Maintenance Fund may be invested by the Authority in Investment Obligations which (other than as described in paragraph (f) of such

definition) shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than three (3) years after the date of such investment.

Moneys held for the credit of the General Fund and the Subordinate Obligations Fund may be invested in such manner as an Authority Representative may, from time to time, direct.

Absent direction by the Authority in the manner provided in this Section, the Trustee and each Depositary may at its discretion invest any moneys held by it in Investment Obligations, subject to the limitations and restrictions on such investment contained in this Article.

Any investment in any Investment Obligation, except the collateral for such Obligation, which must be delivered, may be made in the form of an entry made on the records of the issuer of the particular obligation. Obligations so purchased as an investment of moneys in any such Fund shall be deemed at all times to be a part of such Fund, and the interest accruing thereon and any profit realized from such investment shall be credited to such Fund, and any loss resulting from such investment shall be charged to such Fund. The Trustee or any Depositary shall sell at the best price reasonably obtainable or present for redemption any obligations so purchased whenever it shall be necessary so to do in order to provide moneys to meet any payment or transfer from any such Fund. Neither the Trustee nor any Depositary shall be liable or responsible for any loss resulting from any such investment provided that the Trustee or such Depositary has complied with the terms hereof.

Whenever a payment or transfer of moneys between two or more of the Funds established pursuant to Article V of this Agreement 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 transferred are those in which moneys of the receiving Fund could be invested at the date of such transfer.

**SECTION 603. Valuation.** For the purpose of determining the amount on deposit to the credit of any such Fund (other than the Reserve Maintenance Fund and the General Fund), obligations maturing or subject to redemption at the option of the holder thereof and having an average aggregate weighted term to maturity greater than ten (10) years in which money in such Fund shall have been invested shall be valued at the market value or the amortized cost thereof, whichever is lower, and obligations maturing or subject to redemption at the option of the holder thereof and having an average aggregate weighted term to maturity of ten (10) years or less in which money in such Fund shall have been invested shall be valued at the amortized cost thereof; provided, however, that if a withdrawal shall be made from the Debt Service Reserve Fund that shall reduce the market value of the obligations to the credit thereof below the amortized cost thereof, the Investment Obligations therein shall be valued at market value until such deficiency shall have been remedied.

The Trustee and the Depositaries shall value the investments in the Funds and Accounts semi-annually as of each December 31 and June 30. In addition, the Investment Obligations in the Debt Service Fund shall be valued by the Trustee at any time requested by the Authority on reasonable notice (which period of notice may be waived or reduced by the Trustee); provided, however, that the Trustee shall not be required to value such investments more than once in any month.

## ARTICLE VII.

### PARTICULAR COVENANTS.

SECTION 701. Payment of principal, interest and premium. The Authority covenants that it will promptly pay the principal of, Redemption Price and the interest on every bond issued under the provisions of this Agreement at the places, on the dates and in the manner provided herein. Except as in this Agreement otherwise provided, such principal, Redemption Price and interest are payable solely from tolls and other Revenues, which tolls and other Revenues and other moneys to the extent provided in this Agreement are hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified, and nothing in the bonds or in this Agreement shall be construed as obligating the Authority or the State of Delaware or the State of New Jersey or any agency or political subdivision thereof to pay the bonds or the interest thereon except from Revenues and such other moneys or as pledging the credit or as creating a debt or liability of the State of Delaware or of the State of New Jersey or of any such agency or political subdivision.

SECTION 702. Use and Operation of Authorized Facilities. The Authority covenants that it will establish and enforce reasonable rules and regulations governing the use of the Authorized Facilities and the operation thereof, that all conditions of employment and all compensation, salaries, fees and wages paid be it in connection with the maintenance, repair and operation of the Authorized Facilities will be reasonable, that no more persons will be employed by it than are necessary, that all persons employed by it will be qualified for their respective positions, that it will maintain and operate the Authorized Facilities in an efficient and economical manner, that it will at all times maintain the same in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements, and that it will observe and perform all of the terms and conditions contained in the Enabling Legislation and the Compact.

SECTION 703. No Liens or charges; payment of lawful charges. The Authority covenants that, except as otherwise permitted in Sections 510, 511, 714 and 715 of this Agreement, and except for any purchase money security interests granted in connection with the acquisition or leasing of any equipment or fixtures that are not integral or essential to the operation of the Bridge or the ability to generate or collect Revenues at the Bridge, it will not create or suffer to be created any lien or charge upon the Crossing Facilities or any part thereof

or upon the tolls or other Revenues therefrom except the lien and charge of the bonds secured hereby upon such tolls and revenues, and that, from such revenues or other available funds, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty (60) days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Crossing Facilities or any part thereof or the tolls or other Revenues therefrom; provided, however, that nothing in this Section contained shall require the Authority to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith.

SECTION 704. Constructing or maintaining Crossing Facilities permitted from other funds. Notwithstanding any other provision of this Agreement, but subject nevertheless at all times to the Authority's covenants contained in Section 501 hereof, the Authority may permit the United States of America, the State of Delaware, the State of New Jersey or any of their agencies, departments or political subdivisions, to pay all or any part of the cost of constructing, maintaining, repairing and operating the Crossing Facilities or any part thereof.

SECTION 705. Employment of Consulting Engineers. The Authority covenants that it will from time to time as it shall determine to be necessary or convenient for the purpose of performing and carrying out any duties that may be performed by Consulting Engineers by this Agreement, employ one or more independent engineers or engineering firms or corporations having a nation-wide and favorable repute for skill and experience in such work.

SECTION 706. Insurance of Authorized Facilities. The Authority covenants that it will insure and at all times keep the Crossing Facilities insured with a responsible insurance company or companies against physical loss or damage however caused, with such exceptions as are ordinarily required by insurers of structures or facilities of similar type, in an amount that is the maximum probable loss to the extent such coverage is available at commercially reasonable rates. The Authority may rely upon any recommendations offered by the Consulting Engineers in accordance with Section 504 of this Agreement.

The Authority covenants that it will at all times carry in a responsible insurance company or companies qualified to do business in the States of Delaware and New Jersey or on the authorized Surplus Lines list of either of the states to the extent such coverage is available at commercially reasonable rates:

(a) use and occupancy insurance covering loss of Revenues from the Crossing Facilities (excluding the Ferry) by reason of necessary interruption, total or partial, in the use thereof resulting from damage to or destruction of any part thereof however caused, with such exceptions as are ordinarily required by insurers carrying similar insurance, in such amount that is the maximum probable loss; and provided, further, that if at any time the Authority shall be unable to obtain such insurance to the extent above required, either as to the amount of such

insurance or as to the risks covered thereby or as to the deductible period or amount, it will not constitute an event of default under the provisions of this Agreement if the Authority shall carry such insurance to the extent reasonably obtainable; and

(b) such workmen's compensation or employers' liability insurance as may be required by law, including Longshoremen and Harborworkers coverage, and such public liability, property damage and other insurance.

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 Crossing Facilities .

SECTION 707. Inspection of Insurance Policies. All insurance policies referred to in this Article shall be open at all reasonable times to inspection by the Trustee.

SECTION 708. Further Instruments and Action. The Authority covenants that it will, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Agreement.

SECTION 709. Accurate records; Monthly reports; Annual audits; Additional report or audits. The Authority covenants that it will keep an accurate record of the total cost of any Additional Facilities, of the daily tolls and other Revenues collected, of the number and class of vehicles using the Crossing Facilities, and of the application of such tolls and other Revenues.

The Authority further covenants that at least once each month it will cause to be filed with the Trustee copies of any revisions of the toll schedules during the preceding calendar month and a report setting forth:

(a) an income and expense account showing the Revenues, Current Expenses and Net Revenues for the preceding calendar month; and

(b) the number of vehicles using each of the Crossing Facilities and the Revenues derived including the number of vehicles given free passage by the Authority pursuant to the provisions of Section 502 of this Agreement for the preceding calendar month;

(c) the balances in each Fund and Account created under the provisions of this Agreement as of the close of business on the last Business Day of the preceding calendar month;

(d) the details of all bonds issued, paid, purchased or redeemed for the preceding calendar month; and

(e) (i) the amounts of the proceeds received from any sale of property pursuant to the provisions of Section 712 of this Article where the proceeds of such sale exceed \$1,000,000, (ii) the amounts of the proceeds of any insurance received pursuant to the provisions of Section 706 of this Article where such insurance proceeds exceed \$1,000,000 and (iii) the amounts of the proceeds of any business interruption insurance received pursuant to the provisions of Section 706 of this Article, without limitation as to the amount received, and the disposition thereof for the preceding calendar month.

The Authority further covenants that promptly after the close of each fiscal year it will cause an audit to be made of its books and accounts relating to the Authorized Facilities for the preceding fiscal year by the Accountants. The Trustee shall make available to such Accountants all its books and records pertaining to the Authorized Facilities. Promptly thereafter reports of each such audit shall be filed with the Authority and the Trustee. Each such audit report shall set forth in respect of the preceding fiscal year the same matters as are hereinabove required for the monthly reports, the balance sheet as of the end of such fiscal year, the amount on deposit at the end of such fiscal year to the credit of each Fund and Account created under the provisions of this Agreement, the security therefor and the details of any investment thereof, the findings of such Accountants as to whether the moneys received by the Authority under the provisions of this Agreement during such fiscal year have been applied in accordance with the provisions of this Agreement, whether Current Expenses were incurred in the preceding fiscal year in excess of the Annual Budget for such fiscal year, whether the Net Revenues for the preceding fiscal year have exceeded or were less than the amount for such fiscal year referred to in Section 501 of this Agreement, whether the Authority is in default in the performance of any of the covenants contained in Section 501 of this Agreement, and also a schedule of all insurance policies referred to in Section 706 of this Article which are then in effect, stating with respect to each policy the name of the insurer, the amount, the number, the expiration date and the risks covered thereby and, in addition, shall set forth the Amortization Requirements for the current fiscal year and all subsequent fiscal years for the term bonds of each Series then outstanding as computed by the Trustee and filed with the Secretary of the Authority. Such monthly reports and audit reports shall be open at all reasonable times to the inspection of the bondholders and their agents and representatives.

The Authority further covenants that it will cause any additional reports or audits relating to the Authorized Facilities to be made as required by law and that, as often as may be requested, it will furnish to the Trustee such other information concerning the Authorized Facilities or the operation thereof as any of it may reasonably request.

The cost of the reports and audits referred to in this Section shall be treated as a part of the Current Expenses.

**SECTION 710. Accounts and records.** The Authority covenants that all the accounts and records of the Authority will be kept according to recognized accounting practices consistent

with the provisions of this Agreement or employed in the operation of facilities similar to the Crossing Facilities.

SECTION 711. No inconsistent action. The Authority covenants that none of the Revenues will be used for any purpose other than as provided in this Agreement and no contract or contracts will be entered into or any action taken by it which shall be inconsistent with the provisions of this Agreement.

SECTION 712. Covenants against sale or encumbrance; Exception; Sale of ferry vessels; Leases and concessions. The Authority covenants that, except as in this Section otherwise permitted, it will not sell, lease or otherwise dispose of or encumber the Crossing Facilities or any part thereof. The Authority may, however, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other movable property if the Authority shall determine that such articles are no longer needed or are no longer useful in connection with the construction or maintenance and operation of the Crossing Facilities, and the proceeds thereof shall be applied to the replacement of the properties so sold or disposed of or shall be deposited to the credit of such Fund as the Authority may determine. The Authority may from time to time sell or otherwise dispose of or encumber any real estate owned by it as the Authority shall determine is not needed or serves no useful purpose in connection with the maintenance and operation of the Crossing Facilities. The proceeds of any sale or other disposition of real estate shall be deposited as hereinabove provided for the proceeds of the sale or disposal of movable property.

The Authority may from time to time sell any ferry vessel owned by the Authority as the Authority shall determine is not needed or serves no useful purpose in connection with the maintenance and operation of the Ferry and the proceeds thereof shall be applied to the replacement of the ferry vessel so sold or disposed of or shall be deposited to the credit of the Reserve Maintenance Fund, as the Authority shall determine.

The Authority may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to the use of, any part of the Crossing Facilities, including without limitation leases, contracts, licenses, easements or other rights permitting the sale of food, beverages, commodities or other goods or merchandise thereon and the use of any part thereof for such purposes; provided, however, that such lease, contract, license, easement or other right shall not, in the opinion of the Authority, impede or restrict the operation by the Authority of the Crossing Facilities; and provided, further, that any payments to the Authority under or in connection with any such lease, contract, license, easement or right in respect of the Crossing Facilities or any part thereof shall constitute and be treated for all purposes of this Agreement as Revenues.

SECTION 713. 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 for bonds of any one or more

Series that shall enhance the security or the value of such bonds and thereby reduce the debt service that would be otherwise payable with respect to such bonds in the absence of such Credit Facility. Such covenants may be set forth in or provided for by the applicable Supplemental Agreement and shall be binding on the Authority, the Trustee, the Bond Registrar, the Paying Agents, the Depositaries and all the owners of bonds the same as if such covenants were set forth in full in this Agreement.

SECTION 714. Subordinate Obligations. (a) The Authority covenants that it will not issue or incur any Indebtedness payable from the moneys to the credit of the Subordinate Obligations Fund except for authorized purposes. Subordinate Obligations may be issued or incurred by the Authority for the purpose of providing funds, with any other available funds, for redeeming or acquiring 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 other Indebtedness, including Subordinate Obligations. Such Subordinate Obligations shall be payable out of and may be secured by a pledge of (i) such amounts in the Subordinate Obligations Fund as may from time to time be available therefor, and (ii) any other funds of the Authority that may be available for such purposes provided that any such payment or pledge made pursuant to clause (i) of this sentence shall be, and shall be expressed to be, subordinate and junior in all respects to the pledge and lien created under this Agreement as security for the bonds.

The Authority shall have the right to covenant with the owners from time to time of any other Indebtedness for the payment of which the moneys in the Subordinate Obligations Fund are pledged that it will not issue any Additional Bonds under the provisions of this Agreement other than bonds to pay such Subordinate Obligations until provision has been made for the retirement of such Subordinate Obligations.

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

(b) The resolution, indenture or other instrument securing each issue of Subordinate Obligations shall contain provisions (which shall be binding on all holders of such Subordinate Obligations) not more favorable to the holders of such Subordinate Obligations than the following:

(1) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or their similar proceedings in connection therewith, relative to the Authority or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Authority, whether or not involving insolvency or bankruptcy, the owners of all bonds then outstanding shall be entitled to receive payment in full of all principal and interest due on all such bonds in

accordance with the provisions of this Agreement before the holders of the Subordinate Obligations are entitled to receive any payment from the funds pledged to the bonds on account of principal (and premium, if any) or interest upon the Subordinate Obligations.

(2) In the event that any issue of Subordinate Obligations is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (1) above shall not be applicable), the owners of all bonds outstanding at the time such Subordinate Obligations become due and payable because of the occurrence of such an event of default shall be entitled to receive payment in full of all principal and interest on all such bonds then due and payable before the holders of the Subordinate Obligations are entitled to receive any accelerated payment from the Revenues and other moneys pledged to the bonds under this Agreement of principal (and premium, if any) or interest upon the Subordinate Obligations.

(3) If any Event of Default with respect to the bonds shall have occurred and be continuing (under circumstances when the provisions of (1) above shall not be applicable), the owners of all bonds then outstanding shall be entitled to receive payment in full of all principal and interest on all such bonds as the same become due and payable before the holders of the Subordinate Obligations are entitled to receive, subject to the provisions of (5) below, any payment from the funds pledged to the bonds under this Agreement of principal (and premium, if any) or interest upon the Subordinate Obligations.

(4) No owner of a bond shall be prejudiced in this right to enforce subordination of the Subordinate Obligations by any act or failure to act on the part of the Authority.

(5) The Subordinate Obligations may provide that the provisions of (1), (2), (3) and (4) above are solely for the purpose of defining the relative rights of the owners of the bonds on the one hand, and the holders of Subordinate Obligations on the other hand, and that nothing therein shall impair, as between the Authority and the holders of the Subordinate Obligations, the obligation of the Authority, which is unconditional and absolute, to pay to the holders thereof the principal thereof and premium, if any, and interest thereon in accordance with their terms, nor shall anything therein prevent the holders of the Subordinate Obligations from exercising all remedies otherwise permitted by applicable law or thereunder upon default thereunder, subject to the rights under (1), (2), (3) and (4) above of the owners of bonds to receive cash, property or securities from the funds pledged to the bonds under this Agreement otherwise payable or deliverable to the holders of the Subordinate Obligations; and the Subordinate Obligations may provide that, insofar as a trustee or paying agent for such Subordinate Obligations is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal (and premium, if any) and interest

on such Subordinate Obligations if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(c) Any issue of Subordinate Obligations may have such rank or priority with respect to any other issue as may be provided in the resolution, indenture or other instrument securing such issue of Subordinate Obligations and may contain such other provisions as are not in conflict with the provisions of this Agreement.

Neither the Trustee nor any Depositary shall be deemed to owe any fiduciary duty to the holders of Subordinate Obligations and shall not be liable to such holders if it shall mistakenly pay over or transfer to owners of bonds, the Authority or any other person, moneys to which any holders of Subordinate Obligations shall be entitled by virtue of this Section 714 or otherwise, provided, however, that neither the Trustee nor any Depositary shall be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct. Notwithstanding any of the provisions of this Section 714 or any other provision of this Agreement, neither the Trustee nor any Depositary shall at any time be charged with knowledge of the existence of any facts that would prohibit the making of any payment of moneys to or by the Trustee or any Depositary in respect of Subordinate Obligations or of any default in the payment of the principal, premium, if any, or interest on any Subordinate Obligations, unless and until the Trustee or the Depositary shall have received written notice thereof from the Authority or the holders of a majority in principal amount of any class or category of any Subordinate Obligations or from any trustee therefor and any financial institution that provides credit or security for any Subordinate Obligations.

SECTION 715. Parity Indebtedness. (a) The Authority may incur Parity Indebtedness for the purposes set forth in Section 209 of this Agreement and refund 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 Bond Registrar and that the Bond Registrar shall determine that all the requirements of Section 209 or Section 210, as appropriate, of this Agreement 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.

(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.

## ARTICLE VIII.

### EVENTS OF DEFAULT AND 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 the principal and of the Redemption Price on any of the bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any of the bonds shall not be made when the same shall become due and payable; or

(c) the Authority shall for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) final judgment for the payment of money shall be rendered against the Authority as a result of the ownership, control or operation of the Crossing Facilities and any such judgment shall not be discharged within ninety (90) days from the entry thereof or an appeal shall not be taken therefrom or from the order, decree or process upon which or pursuant to which such judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof and such judgment would render the Authority incapable of paying the interest on or the principal of any of the bonds; or

(e) an order or decree shall be entered, with the consent or acquiescence of the Authority, appointing a receiver or receivers of the Crossing Facilities or any part thereof or of the tolls or other Revenues thereof, or if such order or decree, having been entered without the consent or acquiescence of the Authority, shall not be vacated or discharged or stayed on appeal within ninety (90) days after the entry thereof; or

(f) any proceeding shall be instituted, with the consent or acquiescence of the Authority, for the purpose of effecting a composition between the Authority and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Revenues of the Crossing Facilities; or

(g) Except as provided in Sections 501 and 706 of this Agreement, the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the bonds or in this Agreement 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, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than a majority in aggregate principal amount of the bonds then outstanding; provided, that if such default is of such nature that it can be corrected within a reasonable time, but not within such thirty (30) day period, the same shall not constitute an event of default so long as the Authority has commenced prompt corrective action and is diligently pursuing the same.

**SECTION 802. Acceleration of maturities.** Upon the happening and continuance of any event of default specified in Section 801 of this Article, 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 then outstanding shall, by a notice in writing to the Authority, declare the principal of all of the bonds 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 or in this Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal of the bonds shall have been so declared to be due and payable, and before the entry of 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 Agreement, moneys shall have accumulated in the Debt Service Fund sufficient to pay the principal of all matured bonds and all arrears of interest, if any, upon all bonds then outstanding (except the principal of any bonds not then due and payable by their terms and the interest accrued on such bonds since the last interest payment date), and the charges, compensations expenses, disbursements, advances and liabilities of the Trustee and other amounts 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 known to the Trustee in the observance or performance of any covenant, condition, agreement or provision contained in the bonds or in this Agreement (other than a default in the payment of the principal of such bonds then due and payable only because of a declaration under this Section) shall have been remedied to the satisfaction of the Trustee, 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 not then due and payable by their terms and then outstanding shall, by written notice to the Authority rescind and annul such declaration and its consequences, but no such 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 specified in Section 801 of this Article, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than a majority in aggregate principal amount of the bonds then outstanding hereunder shall proceed, subject to the provisions of Section 812 and Section 902 of this Agreement, to protect and enforce its rights and the rights of the bondholders under the laws of the State of Delaware or the State of New Jersey or under

this Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer 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 the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Agreement 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 Agreement or of the bonds and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such bonds, without prejudice to any other right or remedy of the Trustee or of the bondholders, and to recover and enforce judgment or decree against the Authorities but solely as provided herein and in such bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the Debt Service Fund and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

SECTION 804. Pro rata application of funds. Anything in this Agreement to the contrary notwithstanding, if at any time the moneys in the Debt Service Fund shall not be sufficient to pay the interest on or the principal of the bonds 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 moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the bonds shall not have become due and payable 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;

second: to the payment to the persons entitled thereto of the unpaid principal of any of such bonds which shall have become due and payable (other than bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Agreement), in the order of their due dates,

with interest on the principal amount of such bonds at the respective rates specified therein from the respective dates upon which such bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of such bonds 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; and

third: to the payment of the interest on and the principal of such bonds, to the purchase and retirement of such bonds and to the redemption of such bonds, all in accordance with the provisions of Article III and Article V of this Agreement.

(b) If the principal of all the bonds shall have become due and payable or 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 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 instalment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the bonds, and then to the payment of any interest due and payable after maturity on the bonds, 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; and

second: to the payment of the principal of the bonds, ratably, to the persons entitled thereto, without preference or priority of any bond over any other bond.

(c) If the principal of all such bonds 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 Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all such bonds shall later become due and payable or be declared due and payable, the moneys remaining in and thereafter accruing to the Debt Service Fund for such bonds shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys 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 moneys available for application and the likelihood of additional moneys becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys, 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 bondholder or to any other person for any delay in applying any such moneys, 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 Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, 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 may deem appropriate of the fixing of any such date, and shall not be required to make payment to the holder of any bond until such bond 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 Trustee or bondholders 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 bondholders 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 such proceeding had been taken.

SECTION 806. Majority of bondholders may control proceedings. Anything in this Agreement to the contrary notwithstanding, the holders of a majority in principal amount of the bonds then outstanding hereunder shall have the right, subject to the provisions of Section 812 and Section 902 of this Agreement, 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 by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Agreement.

SECTION 807. Restrictions upon action by individual bondholder. Except as provided in any Supplemental Agreement, no holder of any of the bonds 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 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, and unless also the holders of not less than a majority in aggregate principal amount of the bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity

either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and 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 of this Agreement or to any other remedy hereunder; provided, however, that notwithstanding the foregoing provisions of this Section and without complying therewith, the holders of not less than a majority in aggregate principal amount of the bonds then outstanding may institute any such suit, action or proceeding in their own names for the benefit of all holders of bonds hereunder. It is understood and intended that, except as otherwise above provided, no one or more holders of the bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Agreement, or to enforce any right hereunder except in the manner herein provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of such outstanding bonds, and that any individual right of action or other right given to one or more of such holders by law is restricted by this Agreement to the rights and remedies herein provided.

SECTION 808. Actions by Trustee. All rights of action under this Agreement or under any of the bonds secured hereby, enforceable by the Trustee, may be enforced by it without the possession of any of the bonds or the production thereof at the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all of the holders of such bonds, subject to the provisions of this Agreement.

SECTION 809. No remedy exclusive. No remedy herein conferred upon or reserved to the Trustee or to the holders of the bonds 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.

SECTION 810. Waiver. No delay or omission of the Trustee or of any holder of the bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to the Trustee and to the holders of the bonds, 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 then 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 of this agreement or before the completion of the enforcement of any other remedy under this Agreement, but 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 811. Notice of default.** The Trustee shall mail or shall direct the Bond Registrar to mail to all registered owners of bonds at their addresses as they appear on the registration books written notice of the occurrence of any event of default set forth in Section 801 of this Article within thirty (30) days after the Trustee shall have notice, pursuant to the provisions of Section 908 of this Agreement, that any such event of default shall have occurred.

**SECTION 812. Rights of Credit Bank or Insurer.** Notwithstanding anything contained in this Agreement to the contrary, but subject to the provisions of any applicable Supplemental Agreement, any Insurer or Credit Bank shall be treated as the owner of Bonds upon which such Insurer or Credit Bank is obligated pursuant to a Bond Insurance Policy or Credit Facility, as applicable, for the purposes of calculating whether or not the owners of the requisite percentage of bonds then outstanding have consented to any request, consent, directive, waiver or other action permitted to be taken by the owners of the bonds pursuant to this Article; provided, however, that such Insurer or Credit Bank shall cease to be so regarded as owner of such bonds in the event such Insurer or Credit Bank is in default of its obligations under the applicable Bond Insurance Policy or Credit Facility.

Notwithstanding anything contained in this Agreement to the contrary, but subject to the provisions of any applicable Supplemental Agreement, until the Authority has reimbursed a Credit Bank for amounts paid under a Credit Facility to pay the interest on or the principal of any bonds on any Interest or Principal Payment Date or to the extent any Insurer has exercised its rights as subrogee for the particular bonds it has insured payment of, (a) such bonds shall be deemed to be outstanding and such Credit Bank or Insurer shall succeed to the rights and interests of the bondholders to the extent of the amounts paid under the Credit Facility or as specified in respect of the applicable insurance policy until such amount has been reimbursed and (b) upon presentation to the Bond Registrar, such bonds shall be registered in the name of the Credit Bank or its nominee or the Insurer or its nominee, as appropriate.

**SECTION 813. No impairment of right to enforce payment of bonds.** Nothing contained in this Article shall affect or impair the right of the holders of any bonds to enforce the payment of the principal of or the redemption premium on or the interest on the bonds or the obligation of the Authority to pay the principal of, the redemption premium on and the interest on the bonds issued hereunder to the holders thereof at the places, on the dates and in the manner provided herein and in said bonds.

## ARTICLE IX.

### CONCERNING THE TRUSTEE.

SECTION 901. Acceptance of trusts. The Trustee accepts and agrees to execute the trusts imposed upon it by this Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Agreement, to all of which the parties hereto and the respective holders of the bonds agree.

Whenever the consent or approval of the Trustee is required by this Agreement as to any action by the Authority, the Trustee agrees that such consent or approval will not be unreasonably withheld.

SECTION 902. Trustee entitled to indemnity. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under this Agreement, 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 the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability which may be incurred by it in connection therewith; the Trustee may, nevertheless, 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 shall reimburse the Trustee from the Revenues of the Crossing Facilities for all costs and 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 Agreement and shall be entitled to a preference therefor over any of the bonds outstanding hereunder.

SECTION 903. Limitation 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 which 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. The Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Agreement, or, except as to the authentication thereof, in respect of the validity of the bonds 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 Consulting Engineers, the Paying Agents, any Depositary, the Bond Registrar 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 any losses as a result of the investments

in the Funds and Accounts if such Funds and Accounts were invested pursuant to the instructions of an Authority Representative.

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 moneys arising through the insolvency or the act or default or omission of any other Depositary in which such moneys shall have been deposited under the provisions of this Agreement. The Trustee shall not be responsible for the application of any of the proceeds of the bonds or any other moneys 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 Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

None of the provisions of this Agreement 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) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts; and

(b) 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 principal amount of the bonds then outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee under the provisions of this Agreement.

SECTION 905. Compensation and indemnification of Trustee. Subject to the provisions of any contract between the Authority and the Trustee relating to the compensation of the Trustee, the Authority shall, from the Revenues, pay to the Trustee 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 execution of the trusts hereby created and the performance of its powers and duties hereunder, and, from such revenues only, shall indemnify and save the Trustee harmless against any liabilities (other than liabilities for which the Trustee is responsible under the provisions of the second paragraph of Section 904 of this Article) which it may incur in the exercise and performance of its powers and duties hereunder, except for liabilities arising out of the negligence or willful misconduct of the Trustee. If the Authority shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its

possession under the provisions of this Agreement and shall be entitled to a preference therefor over any of the bonds outstanding hereunder.

SECTION 906. Monthly statement from Trustee. It shall be the duty of the Trustee, on or before the Deposit Day of each month, to file with the Authority a statement setting forth in respect of the preceding calendar month

(a) the amount withdrawn or transferred by it and the amount deposited with it on account of each Fund and Account held by it under the provisions of this Agreement,

(b) the amount on deposit with it at the end of such month to the credit of each such Fund and Account,

(c) a brief description of all obligations held by it as an investment of moneys in each such Fund and Account,

(d) the amount applied to the purchase or redemption of bonds under the provisions of Section 507 of this Agreement and a description of the bonds or portions of bonds so purchased or redeemed,

(e) the information necessary in order for the Authority to comply with arbitrage rebate calculations imposed by the Internal Revenue Code of 1986, or any regulations promulgated thereunder, as the same may, from time to time, be amended (provided that the Trustee shall not be responsible for making such calculations), and

(f) any other information which the Authority may reasonably request.

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

SECTION 907. Trustee may rely on certificates. In case 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 Agreement provides for permitting or taking any action, the Trustee may rely conclusively upon any certificate, requisition, opinion or other instrument required or permitted to be filed with it under the provisions of this Agreement, and any such instrument shall be conclusive evidence of such fact to protect the Trustee in any action that it may or may not take 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 Agreement, 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 the Chairman and the Secretary of the Authority or by any

Authority Representative, and the Trustee may accept and rely upon a certificate signed by the Secretary of the Authority 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 Agreement, the Trustee shall not be obliged to take notice or be deemed to have notice of any event of default hereunder, unless specifically notified in writing of such event of default by the holders of not less than ten per centum (10%) in aggregate principal amount of the bonds hereby secured and then outstanding.

SECTION 909. Trustee may deal in bonds. The bank or trust company acting as Trustee under this Agreement, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the bonds issued under and secured by this Agreement or any obligations issued the Authority and referred to in Section 510 or Section 511 of this Agreement and may join in any action which any bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee or a Depositary under this Agreement, may engage or be interested in any financial or other transaction with the Authority, and may maintain any and all other general banking and business relations with the Authority with like effect and in the same manner as if the Trustee were not a party to this Agreement; and no implied covenant shall be read into this Agreement against the Trustee in respect of such matters.

SECTION 910. Trustee not responsible for recitals. The recitals, statements and representations contained herein and in the bonds (excluding the Trustee's certificate of authentication on 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 911. 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 Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which 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 Agreement, 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 inquire 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 Agreement or otherwise to the giving to any person of notice of the provisions hereof.

SECTION 912. 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 915 of this Article.

SECTION 913. Resignation of Trustee. The Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing to be 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 914. Removal of Trustee. The Trustee may be removed at any time, with or without cause, at the election of the Authority; provided that no event of default has occurred and is continuing at the time of such election. 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 principal amount of the bonds hereby secured and then outstanding and filed with the Authority. A facsimile copy of each such instrument shall be delivered promptly by the Authority to the Trustee. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority pursuant to resolution or the holders of not less than a majority in aggregate principal amount of the bonds then outstanding under this Agreement.

SECTION 915. 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 of the foregoing reasons or for any other reason, the Authority shall appoint a Trustee to fill such vacancy. The Authority shall cause notice of any such appointment to be mailed to all owners of bonds.

At any time within one year after any such vacancy shall have occurred, the holders of a majority in principal amount of the bonds hereby secured and then outstanding, by an instrument or concurrent instruments in writing, executed by such bondholders and filed with the Authority, may appoint a successor Trustee, which shall supersede any Trustee theretofore appointed by the Authority. Facsimile copies of each such instrument shall be delivered promptly by the Authority to the predecessor Trustee and to the Trustee so appointed by the bondholders.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within ten (10) days after the vacancy shall have occurred, the holder of any bond outstanding 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 prescribe, appoint a successor Trustee.

Any Trustee appointed shall be a bank or trust company duly authorized to exercise corporate trust powers, a member of the Federal Deposit Insurance Corporation and subject to examination by federal or state authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000). Any Trustee hereafter appointed shall have its principal office in the State of Delaware or in the State of New Jersey, if there be such a bank or trust company willing and able to accept the trusts hereunder upon reasonable and customary terms.

SECTION 916. Vesting of trusts 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 which 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 moneys 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.

Notwithstanding any of the foregoing provisions of this Article, any bank or trust company having power to perform the duties and execute the trusts of this Agreement and otherwise qualified to act as Trustee hereunder with or into which the bank or trust company acting as Trustee may be merged or consolidated, or to which the assets and business of such bank or trust company may be sold, shall be deemed the successor of the Trustee.

SECTION 917. Appointment of Depositaries. The Authority may at any time and from time to time appoint one or more Depositaries to hold any one or more of the Funds and Accounts (other than the Debt Service Fund and the Debt Service Reserve Fund) established pursuant to this Agreement. Such Depositary or Depositaries shall perform at the direction of the Authority the duties of the Authority in depositing, transferring and disbursing moneys to and from each of such Funds and Accounts as set forth in this Agreement, and all records of such Depositary in performing such duties shall be open at all reasonable times to inspection by the Trustee, the Authority and their agents and employees. Any such Depositary shall be a bank or trust company duly authorized to exercise corporate trust powers, a member of the Federal

Deposit Insurance Corporation and subject to examination by federal or state authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than Twenty-five Million Dollars (\$25,000,000). In the event any Depositary is appointed by the Authority, the provisions of Sections 901, 903 (last sentence only), 905, 906, 907, 908, 909, 912, 913 and 915 of this Article shall apply to such Depositary, and the Trustee shall not be liable or responsible for the failure of such Depositary to act or for the insolvency of or any omission by such Depositary, as provided in Section 904 of this Article. Any Depositary may resign at any time after 30 days' prior notice to the Authority and the Trustee. The Authority shall notify the Trustee promptly after the appointment of any Depositary.

SECTION 918. Co-Trustee. It is the intention of the Authority that the Trustee shall not be required to act at any time such Trustee has a conflict of interest in performing its duties hereunder and that there shall be no violation of any laws of any jurisdiction (including particularly the laws of the State of Delaware or the State of New Jersey) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of a conflict of interest or in case of litigation under this Agreement, and in particular in case of the enforcement of any remedies upon the occurrence of an Event of Default, it may be necessary that the Trustee appoint an additional individual or institution as an additional, separate, or Co-Trustee, and in such case the Trustee is authorized to do so. The following provisions apply to the Trustee and to any additional or Co-Trustee:

In the event the Trustee, in its sole opinion, has or may have a conflict of interest or in the event by reason of any present or future law of any jurisdiction, the Trustee is denied or restricted in the rights to exercise any of the powers, rights or remedies herein granted to the Trustee or to hold title to the property in trust as herein granted or to take any other action that may be necessary or desirable in connection therewith, each and every trust, remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest, lien, privilege, obligation and duty expressed or intended by this Agreement or any Supplemental Agreement to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in any separate Trustee or Co-Trustee but only to the extent necessary to enable such separate Trustee or Co-Trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate Trustee or Co-Trustee shall run to and be enforceable by any of them.

Should any instrument in writing from the Authority be required by any separate Trustee or Co-Trustee for more fully and certainly vesting in and confirming to him or it the trusts, remedies, powers, rights, claims, demands, causes of action, immunities, estates, titles, interests, liens, privileges, obligations and duties hereby vested in the Trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. In case any separate Trustee or

Co-Trustee, or a successor to any of them, shall die, become incapable of acting, resign or be removed, all the trusts, powers, rights, claims, demands, causes of action, immunities, estates, titles, interests, liens, privileges, obligations and duties of such separate Trustee or Co-Trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new Trustee or successor to such separate Trustee or Co-Trustee.

## ARTICLE X.

### EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 1001. Execution of instruments. Any request, direction, consent or other instrument in writing required or permitted by this Agreement to be signed or executed by bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such bondholders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of bonds shall be sufficient for any purpose of this Agreement and shall be conclusive in favor of 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 by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his authority.

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

However, nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that 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 Trustee in pursuance of such request or consent.

## ARTICLE XI.

### SUPPLEMENTAL AGREEMENTS.

SECTION 1101. Supplemental agreements by Authority and Trustee. The Authority and the Trustee may, from time to time and at any time, without the consent of any bondholder or any other person, enter into such agreements supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental agreements shall thereafter form a part hereof),

(a) to cure any ambiguity or formal defect or omission in this Agreement or in any Supplemental Agreement or to correct or supplement any provision that may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement which shall not be inconsistent with the provisions of this Agreement, provided such action shall not adversely affect the interest of the bondholders, or

(b) to grant to or confer upon the Trustee for the benefit of the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Trustee, or

(c) to add to the conditions, limitations and restrictions thereafter to be observed by the Authority under the provisions of this Agreement, or

(d) to add to the covenants and agreements of the Authority in this Agreement other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, or

(e) to provide for the issuance of the revenue bonds to be issued initially under the provisions of this Agreement, Additional Bonds and Refunding Bonds, to provide for coupon bonds if then permitted, to provide for the issuance of uncertificated (book entry) bonds, and to provide for such other related matters as may be required or contemplated by or appropriate under this Agreement, or

(f) to make any other change that, in the opinion of the Authority, would not materially adversely affect the security for the bonds, or

(g) to make any changes that may be required by (1) the Rating Services and to the extent necessary to prevent any then current ratings of said services in respect of the bonds from being reduced or withdrawn or (2) any Credit Bank or any Insurer to the extent such changes, in the opinion of the Authority, would not materially adversely

affect the interest of bondholders whose bonds are not secured by the Credit Facility or Bond Insurance Policy that requires such changes, or

(h) to provide for the issuance of parity indebtedness in accordance with the provisions of Section 715 of this Agreement, or

(i) to provide for the application of moneys held in the Subordinate Obligations Fund.

Not more than thirty (30) days following the execution of any Supplemental Agreement (except a Supplemental Agreement entered into pursuant to paragraph (e) above fixing the details of any Series of bonds issued to the extent such Supplemental Agreement does not amend this Agreement in a manner other than as permitted by this Section as to which no notice need be given) for any of the purposes of this Section, the Trustee shall cause a notice of the execution of such Supplemental Agreement to be mailed, postage prepaid, to all registered owners of bonds at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the Supplemental Agreement and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such Supplemental Agreement.

SECTION 1102. Modification of Agreement with 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 then outstanding shall have the right, from time to time, anything contained in this Agreement to the contrary notwithstanding, to consent to and approve the execution by the Authority and the Trustee of such agreement or agreements supplemental hereto as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Agreement or in any Supplemental Agreement; 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) the creation of a senior or parity lien upon or a senior or parity pledge of Revenues other than the lien or pledge created or permitted by this Agreement, or (d) a preference or priority of any bond or bonds over any other bond or bonds, or (e) a reduction in the aggregate principal amount of the bonds required for consent to such Supplemental Agreement or (f) any change or modification affecting adversely the security provided by a Credit Facility or Bond Insurance Policy. Nothing herein contained, however, shall be construed as making necessary the approval by bondholders of the execution of any Supplemental Agreement as authorized in Section 1101 of this Article.

If at any time the Authority shall request the Trustee to enter into any Supplemental Agreement for any of the purposes of this Section, the Trustee shall or shall cause the Bond Registrar to, at the expense of the Authority, cause notice of the proposed execution of such Supplemental Agreement to be mailed, postage prepaid, to all registered owners of bonds at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed Supplemental Agreement and shall state that copies thereof are on file at the principal office of the Trustee for inspection. The Trustee shall not, however, be subject to any liability to any bondholder by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such Supplemental Agreement when consented to and approved as provided in this Section.

Whenever, at any time within two years after the date of the first mailing of such notice, the Authority shall deliver to 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 then outstanding, which instrument or instruments shall refer to the proposed Supplemental Agreement described in such notice and shall specifically content to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee may execute such Supplemental Agreement in substantially such form, without liability or responsibility to any holder of any bond, 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 outstanding at the time of the execution of such Supplemental Agreement shall have consented to and approved the execution thereof as herein provided, no holder of any bond shall have any right to object to the execution of such Supplemental Agreement, 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 execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof or from transmitting certified copies of such Supplemental Agreements to the Bond Registrar and Paying Agent.

Upon the execution of any Supplemental Agreement pursuant to the provisions of this Section, this Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Agreement of the Authority, the Trustee and all holders of bonds then outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Agreement as so modified and amended.

**SECTION 1103. Supplemental agreements part of this Agreement.** The Trustee is authorized to join with the Authority in the execution of any such Supplemental Agreement and to make the further agreements and stipulations which may be contained therein. Any Supplemental Agreement executed in accordance with the provisions of this Article shall

thereafter form a part of this Agreement, and all of the terms and conditions contained in any such Supplemental Agreement 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 Agreement for any and all purposes. In case of the execution and delivery of any Supplemental Agreement, express reference may be made thereto in the text of any bonds issued thereafter of or desirable by the Trustee.

SECTION 1104. Responsibilities of Trustee under this Article. In each and every case provided for in this Article the Trustee shall be entitled to exercise its discretion in determining whether or not any proposed Supplemental Agreement, or any term or provision therein contained, is desirable, having in view the purposes of such instrument, the needs of the Authority, the rights and interests of the bondholders, and the rights, obligations and interests of the Trustee, and the Trustee shall not be under any responsibility or liability to the Authority or to any bondholder or to anyone whomsoever for its refusal in good faith to enter into any such Supplemental Agreement if such agreement is deemed by it to be contrary to the provisions of this Article. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Authority, as evidence that any such proposed Supplemental Agreement does or does not comply with the provisions of this Agreement and that it is or is not proper for it, under the provisions of this Article, to join in the execution of such Supplemental Agreement.

SECTION 1105. Consent of Credit Banks and Insurers Required. Anything herein to the contrary notwithstanding, and other than with respect to Supplemental Agreements entered into pursuant to Section 1101(e), Section 1101(h) or Section 1101(i) of this Agreement, no Supplemental Agreement affecting any bonds secured by a Credit Facility or Bond Insurance Policy shall become effective unless and until the appropriate Credit Banks and Insurers shall have consented thereto in writing and notice of such consents shall have been given to the Rating Services.

## ARTICLE XII.

### DEFEASANCE.

SECTION 1201. Defeasance. (a) If the Authority shall pay or cause to be paid the principal of and premium, if any, and interest on all bonds 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 Agreement shall cease, terminate and become void, and such bonds shall cease to be entitled to any lien, benefit or security under this Agreement. In such event, the Trustee shall turn over to the Authority any surplus in the Debt Service Fund and all balances remaining in any other funds or accounts other than moneys held for the redemption or payment of bonds; otherwise this Agreement shall be, continue and remain in full force and effect.

(b) If the Authority shall pay or cause to be paid to the holders of less than all of the Outstanding bonds the principal of and premium, if any, and interest on such bonds, or such portions thereof, which is and shall thereafter become due and payable upon such bonds, or such portions thereof, such bonds, or such portions thereof, shall cease to be entitled to any lien, benefit or security under this Agreement.

(c) Any Outstanding bond (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 a Depositary either moneys in an amount which, or Defeasance Obligations 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 such Depositary or any Paying Agent available therefor, shall be sufficient to pay when due the principal of and premium, if any, and interest due and to become due on said bond (or portion thereof) on or prior to the redemption date or maturity date thereof, as the case may be, (ii) in case said bond, (or portion thereof) has been selected for redemption in accordance with the provisions hereof prior to its maturity, the Authority shall have given to the Trustee irrevocable instructions to give in accordance with the provisions of Section 302 hereof notice of redemption of such bond (or portion thereof), (iii) in the event said bond is 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 302 hereof, notice to the holder of said bond (or portion thereof) stating that moneys or Defeasance Obligations have been deposited with the Depositary as provided in this Article XII and that said bond (or portion thereof) is 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 thereof and premium, if any, and interest thereon 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 said bonds.

(d) The moneys and Defeasance Obligations deposited with the Depositary pursuant to this Section and all payments of principal or interest on any such 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) deemed to have been paid in accordance with this Section.

(e) If bonds (or portions thereof) are deemed to have been paid in accordance with the provisions of this Article by reason of the deposit with the Depositary of moneys or Defeasance Obligations, no amendment to the provisions of this Section which would adversely affect the holders of such bonds (or portions thereof) shall be made without the consent of each holder affected thereby.

(f) All money and Defeasance Obligations held by the Depositary, 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) payable therewith.

(g) In order for bonds to be deemed to have been paid in connection with an advance refunding, a verification report must first be prepared and delivered by a firm of independent, nationally recognized, certified public accountants.

(h) Bonds paid by an Insurer pursuant to a Bond Insurance Policy shall not be deemed to have been paid and shall continue to be due and owing until paid by or on behalf of the Authority in accordance with the terms of this Agreement.

(i) The provisions of this Article XII may be modified with respect to bonds of any Series that constitute Variable Rate Bonds and/or Optional Tender Bonds.

## ARTICLE XIII.

### MISCELLANEOUS PROVISIONS.

SECTION 1301. Successorship of Authority. In the event of the dissolution of the Authority all of the covenants, stipulations, obligations and agreements contained in this Agreement by or in behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or successors of the Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word "Authority" as used in this Agreement shall include such successor or successors.

SECTION 1302. Successorship of Paying Agents, Depositaries or Bond Registrar. Any bank or trust company with or into which any Paying Agent, Depositary or Bond Registrar may be merged or consolidated, or to which the assets and business of such Paying Agent, Depositary or Bond Registrar may be sold, shall be deemed the successor of such Paying Agent, Depositary or Bond Registrar for the purposes of this Agreement. If the position of any Paying Agent shall become vacant for any reason, the Authority shall, within thirty (30) days thereafter, appoint a bank or trust company located in the same city as Paying Agent or Bond Registrar to fill such vacancy; provided, however, that if the Authority shall fail to appoint such Paying Agent or Bond Registrar within said period, the Trustee shall make such appointment.

SECTION 1303. Manner of giving notice. Any notice, demand, direction, request or other instrument authorized or required by this Agreement to be given to or filed with the Authority or the Trustee shall be deemed to have been sufficiently given or filed for all purposes of this Agreement if and when sent by registered mail, return receipt requested:

to the Authority, if addressed to The Delaware River and Bay Authority, Route 295 and the Delaware Memorial Bridge, New Castle, Delaware 19720; and

to the Trustee, if addressed to Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890, Attention: Corporate Trust Administration or to any successor Trustee, if addressed to it at its principal office.

All documents received by the Trustee under the provisions of this Agreement, or photographic copies thereof, shall be retained in its possession until this Agreement shall be released under the provisions of Section 1201 hereof, subject at all reasonable times to the inspection of the Authority, the Consulting Engineers, any bondholder, and the agents and representatives thereof.

SECTION 1304. Substitute Notice. If, because of the temporary or permanent suspension of postal service, the Authority or the Trustee shall be unable to mail any notice required to be given by the provisions of this Agreement, the Authority or the Trustee shall give such notice in such other manner as in the judgment of the Authority or the Trustee shall most effectively approximate mailing, and the giving of such notice in such manner shall for all purposes of this Agreement be deemed to be compliance with the requirement for the publication thereof.

SECTION 1305. Parties and bondholders alone have rights under Agreement. Except as herein otherwise expressly provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto and the holders of the bonds issued under and secured by this Agreement any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto and the holders from time to time of the bonds issued hereunder.

SECTION 1306. Effect of partial invalidity. In case any one or more of the provisions of this Agreement or of the bonds issued hereunder shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement or of said bonds, but this Agreement and said bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the bonds or in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

SECTION 1307. Effect of covenants. All covenants, stipulations, obligations and agreements of the Authority contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority, of the State of Delaware and of the State of New Jersey to the full extent authorized by the Enabling Legislation and the Compact and permitted by the Constitution of Delaware and the Constitution of New Jersey. No

covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, employee or agent of the Authority in his individual capacity, and neither the members of the Authority nor any officer thereof executing the bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent 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 Agreement, the Enabling Legislation and the Compact.

SECTION 1308. Taxable Bonds. The Authority may, if it so elects, issue one or more Series of bonds the interest on which is (or may be) payable to the owner as a whole or in part, subject directly or indirectly to federal income taxes, so long as each bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income taxation and provided that the issuance thereof will not cause the interest on any other bonds theretofore issued hereunder to be or to become includable in gross income of the recipients thereof for federal income tax purposes.

SECTION 1309. Payments Due on Sundays and Holidays. Except as otherwise provided by Supplemental Agreement in connection with the issuance of Variable Rate Bonds, in any case where the date of maturity of interest on or principal of the bonds or the date fixed for redemption of any bonds shall be a day other than a Business Day, then payment of interest or principal and premium, if any, need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest on such payment shall accrue for the period after such date.

SECTION 1310. Multiple counterparts. This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original; and such counterparts shall constitute but one and the same instrument.

SECTION 1311. Headings, etc. not part of Agreement. Any headings preceding the texts of the several articles or sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

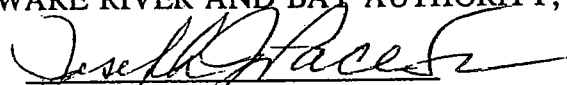
SECTION 1312. Controlling laws. This Agreement is made and entered into under and pursuant to the Constitution and Laws of the State of Delaware and of the State of New Jersey, particularly the Enabling Legislation and the Compact.

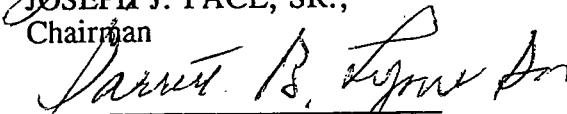
IN WITNESS WHEREOF, The Delaware River and Bay Authority has caused this Agreement to be executed by its Chairman, the Vice-Chairman and the Secretary of the Authority under the official and corporate seal of The Delaware River and Bay Authority, and

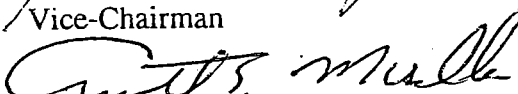
Wilmington Trust Company has caused this Agreement to be executed in its behalf by its Vice President and its corporate seal to be impressed hereon and attested by its Secretary or an Secretary, all as of the day and year first above written.

THE DELAWARE RIVER AND BAY AUTHORITY,

By

  
JOSEPH J. PACE, SR.,  
Chairman

  
GARRETT B. LYONS, SR.,  
Vice-Chairman

  
ANTHONY S. MARSELLA,  
Secretary

[Seal]

WILMINGTON TRUST COMPANY,  
Trustee

By

\_\_\_\_\_  
\_\_\_\_\_  
Vice President

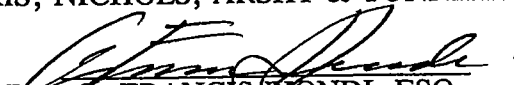
[Seal]

Attest:

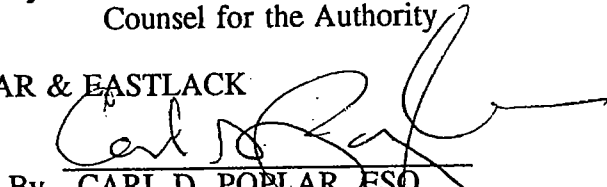
\_\_\_\_\_  
Assistant Secretary

Approved as to legality and form:

MORRIS, NICHOLS, ARSHT & TUNNELL

  
By O. FRANCIS BIONDI, ESQ.  
Counsel for the Authority

POPLAR & EASTLACK

  
By CARL D. POPLAR, ESQ.  
Counsel for the Authority

Wilmington Trust Company has caused this Agreement to be executed in its behalf by its Vice President and its corporate seal to be impressed hereon and attested by its Secretary or an Secretary, all as of the day and year first above written.

THE DELAWARE RIVER AND BAY AUTHORITY,

By

JOSEPH J. PACE, SR.,  
Chairman

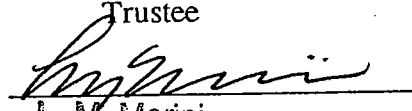
GARRETT B. LYONS, SR.,  
Vice-Chairman

ANTHONY S. MARSELLA,  
Secretary

[Seal]

WILMINGTON TRUST COMPANY,  
Trustee

By

  
L. M. Marini  
Vice President

[Seal]

Attest:

  
Assistant Secretary

Approved as to legality and form:

MORRIS, NICHOLS, ARSHT & TUNNELL

By O. FRANCIS BIONDI, ESQ.  
Counsel for the Authority

POPLAR & EASTLACK

By CARL D. POPLAR, ESQ.  
Counsel for the Authority

STATE OF DELAWARE    )  
                                  :SS.:  
NEW CASTLE COUNTY    )

Signed before me, a person licensed to practice law in Delaware and as such enabled to perform notarial acts by 29 Del C §4323, on the 26<sup>th</sup> day of October, 1993, by Joseph J. Pace, Sr., Garrett B. Lyons, Sr. and Anthony S. Marsella.

A handwritten signature in cursive script, appearing to read "David P. Hunter", written over a horizontal line.

(Seal)


STATE OF DELAWARE )

: ss.:

NEW CASTLE COUNTY )

The foregoing Agreement was acknowledged before me, a notary public within and for said County and State, on the 27<sup>th</sup> day of October, 1993, by L. M. Marini, who is a Vice President of said Wilmington Trust Company and who acknowledged that the name of said bank and trust company was subscribed to the foregoing Agreement by himself as Vice President thereof by the direction and authority of said trust company and that the seal impressed thereon is the seal of said trust company.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

  
Notary Public

My commission expires \_\_\_\_\_

SHARON M. BRENDLE  
NOTARY PUBLIC

MY COMMISSION EXPIRES AUGUST 10, 1997

(Seal)