

**THE DELAWARE RIVER AND BAY AUTHORITY**

**TO**

**WILMINGTON TRUST COMPANY**

**AS TRUSTEE**

**SUPPLEMENTAL TRUST AGREEMENT  
NUMBER 2**

**Dated as of August 1, 1996**

REPUBLIC OF THE PHILIPPINES

1987

CONSTITUTION

ARTICLE

SECTION 1. The State is a sovereign, democratic, and

social justice state.

It is committed to the development of a

This Supplemental Trust Agreement Number 2 (this "Supplemental Agreement"), dated for convenience of reference as of the 1st day of August, 1996, supplemental to that certain Trust Agreement (the "Initial Agreement"), dated as of October 1, 1993, between the Authority and Wilmington Trust Company, as Trustee (the "Trustee"), 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, as Trustee**

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 trust company and any bank or trust company becoming successor trustee under this Supplemental Agreement being hereinafter sometimes called the "Trustee"),

**WITNESSETH:**

**WHEREAS**, the Delaware River and Bay Authority (hereinafter sometimes called the "Authority") entered into the Initial Agreement and Supplemental Trust Agreement Number 1, dated as of October 1, 1993, for the purpose of providing for the issuance of and securing its \$123,755,000 Revenue Bonds, Series 1993 (the "1993 Bonds") and from the proceeds thereof paying: (i) certain outstanding indebtedness with respect to the Authority's outstanding revenue bonds originally issued in the aggregate principal amount of \$103,000,000 (the "Prior Bonds") and the defeasance of the trust agreement, dated as of January 1, 1964 (the "Prior Trust Agreement") pursuant to which the Prior Bonds were issued and (ii) the costs of certain Additional Facilities (as defined in Supplemental Trust Agreement Number 1); and

**WHEREAS**, this Supplemental Agreement is being entered into by the Authority and the Trustee pursuant to the provisions of clause (i) of Section 209 of the Agreement in order to provide for the issuance of the second series of bonds pursuant to the Initial Agreement in order to provide for the costs of certain Additional Facilities (as defined herein); and

**WHEREAS**, by virtue of the Enabling Legislation, the Compact and the Initial Agreement, the Authority is authorized to issue its revenue bonds as hereinafter provided, to enter into this Supplemental 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 Supplemental 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 Supplemental Agreement have happened, exist and have been performed as so required, in order to make this Supplemental 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 Supplemental Agreement and in evidence thereof has joined in the execution hereof;

NOW THEREFORE, THIS AGREEMENT WITNESSETH, as follows:

## ARTICLE I.

### DEFINITIONS.

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

**Additional Facilities.** The term "Additional Facilities" shall mean the various capital projects undertaken or to be undertaken in the fiscal years ending December 31, 1996 and December 31, 1997 and identified in the Authority's current Five-Year Capital Improvement Program. Said capital projects relate to the improvement, rehabilitation and expansion of the Bridge and the Ferry and related facilities and appurtenances.

**Bond Insurance Policy.** The term "Bond Insurance Policy" shall mean, with respect to the 1996 Bonds, the financial guaranty insurance policy issued by the Insurer and guaranteeing the payment of principal of and interest on the 1996 Bonds stated to mature on January 1, 2000 to January 1, 2016, inclusive, and January 1, 2026.

**Bond Purchase Agreement.** The term "Bond Purchase Agreement" shall mean the Bond Purchase Agreement, dated August 9, 1996, by and between the Authority and Dillon, Read & Co., Inc., as representative of the underwriters of the 1996 Bonds.

**Insurer.** The term "Insurer" shall mean, with respect to the 1996 Bonds, Financial Guaranty Insurance Company, being the person undertaking to insure pursuant to the Bond Insurance Policy those certain maturities of the 1996 Bonds enumerated in the definition of Bond Insurance Policy contained in this Supplemental Agreement.

## ARTICLE II.

### THE SERIES 1996 BONDS

#### SECTION 201. Authorization of Revenue Bonds of the Authority.

(a) **Authorization of 1996 Bonds.** Pursuant to clause (i) of Section 209 of the Agreement, there are hereby authorized and there shall be initially issued at one time under and secured by the Initial Agreement and this Supplemental Agreement revenue bonds of the Authority which shall be Current Interest Bonds in the aggregate initial principal amount of Sixty Seven Million Sixty Five Thousand Dollars (\$67,065,000) designated "Revenue Bonds, Series 1996" (the "1996 Bonds"); for the purpose of providing funds, together with other available funds, to provide for a portion of the costs of the Additional Facilities.

(b) **Certain Details of 1996 Bonds.** The 1996 Bonds shall be dated August 1, 1996, shall consist of serial bonds maturing, subject to the provisions of subsection (d) of this section on January 1 in each of the years 1998 through 2016 and term bonds maturing, subject to the provisions of subsections (c) and (d) of this Section, January 1, 2026. The 1996 Bonds of each maturity shall be issued in the principal amounts and bear interest payable semi-annually on each January 1 and July 1, commencing January 1, 1997, at the rates per annum (based upon a 360-day year of twelve 30 day months) as set forth below:

<u>Maturity (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
1998	\$1,045,000	4.50%	2008	\$ 1,725,000	5.10%
1999	1,095,000	4.50	2009	1,815,000	5.10
2000	1,145,000	4.30	2010	1,905,000	5.20
2001	1,190,000	4.375	2011	2,000,000	5.25
2002	1,245,000	4.50	2012	2,110,000	5.30
2003	1,300,000	6.00	2013	2,220,000	5.35
2004	1,380,000	6.00	2014	2,340,000	5.35
2005	1,460,000	6.00	2015	2,465,000	5.40
2006	1,550,000	6.00	2016	2,595,000	5.40
2007	1,640,000	5.00	2026	34,840,000	5.25

(c) **Amortization Requirements.** The Amortization Requirements for the 1996 Bonds, referred to and defined and subject to adjustment as provided in Section 101 of the Agreement, shall be the following amounts on January 1 of the following years for the following term bonds:

\$34,480,000

Term Bonds due January 1, 2026

<u>Date (January 1)</u>	<u>Amortization Requirement</u>	<u>Date (January 1)</u>	<u>Amortization Requirement</u>
2017	\$2,740,000	2022	\$3,535,000
2018	2,880,000	2023	3,720,000
2019	3,030,000	2024	3,915,000
2020	3,195,000	2025	4,125,000
2021	3,360,000	2026	4,340,000

\* Unamortized principal at stated maturity.

At its option, to be exercised not less than forty-five (45) days prior to each such Applicable Principal Payment Date, the Authority may (a) deposit monies with the Trustee to be used to purchase 1996 Bonds, or direct the Trustee to cause monies in the Debt Service Fund to be used for such purchases, at a price not exceeding the principal amount thereof plus accrued interest to such Applicable Principal Payment Date, or (b) receive a credit against the Amortization

Requirements for 1996 Bonds which prior to such date have been purchased by the Authority and presented to the Trustee for cancellation or redeemed (otherwise than in satisfaction of prior Amortization Requirements) and canceled by the Trustee and, in either case, not theretofore applied as a credit against any Amortization Requirement. Each such 1996 Bond so purchased, delivered or previously redeemed will be credited by the Trustee at 100% of the principal amount thereof against the current Amortization Requirement with respect to 1996 Bonds due on the same date as the Bond so purchased, delivered or previously redeemed and canceled. Any excess over such current Amortization Requirement will be credited against the future Amortization Requirements of term bonds with the same maturity date in such manner as the Authority shall determine, and the principal amount of such 1996 Bonds with such maturity date to be redeemed by mandatory sinking fund redemption will be reduced accordingly.

(d) **Optional Redemption.** The 1996 Bonds may not be called for redemption at the option of the Authority prior to January 1, 2007.

On and after January 1, 2006, the 1996 Bonds maturing on and after January 1, 2007 may be called for redemption prior to maturity at the option of the Authority, from any moneys that may be made available for such purpose, other than moneys set aside in respect of an Interest Requirement, Principal Requirement or Amortization Requirement, in whole or in part at any time, from such maturity or maturities as the Authority may direct and within a maturity by lot, at redemption prices (expressed as a percentage of principal amount of 1996 Bonds, or portions thereof, to be redeemed), plus interest accrued to the date fixed for redemption, as follows

<u>Redemption Period (dates inclusive)</u>	<u>Redemption Price</u>
January 1, 2006 through December 31, 2006	102%
January 1, 2007 through December 31, 2007	101
January 1, 2008 and thereafter	100

(e) **Form of 1996 Bonds.** The definitive 1996 Bonds issued under the provisions of this Supplemental Agreement shall be in substantially the form set forth in Appendix A. The 1996 Bonds shall be issued in registered form without coupons in the name of Cede & Co., as nominee of The Depository Trust Company, with certificates which shall be numbered R-1 followed by the number of the 1996 Bonds.

**SECTION 202. Authorization of Bonds.** Upon their execution in the form and manner set forth in the Agreement and this Supplemental Agreement, the Bonds shall be deposited with the Bond Registrar for authentication, and the Bond Registrar is hereby authorized and directed to authenticate and, upon due and valid execution and acceptance of the Agreement and this Supplemental Agreement, by the proper parties thereto, the Trustee shall cause the Bond Registrar to deliver the Bonds for the account of Dillon, Read & Co., Inc., as representative of

the underwriters, at The Depository Trust Company, New York, New York, against payment therefor in accordance with and subject to the provisions of Section 209 of the Agreement.

**SECTION 203. Appointments.** Pursuant to Section 209 of the Agreement, the Authority hereby makes or affirms the following appointments:

(a) as Paying Agent and Bond Registrar for the Bonds, Wilmington Trust Company, which is also Trustee under the Agreement and this Supplemental Agreement;

(b) as Depository with respect to the following funds, each of the following:

(i) Series 1996 Construction Account in the Construction Fund: Commerce Bank;

(ii) Revenue Fund: Wilmington Trust Company;

(iii) Reserve Maintenance Fund: PNC Bank;

(iv) General Fund: (including the Authority's self-insurance fund) Wilmington Trust Company; and

(c) as Insurer, Financial Guaranty Insurance Company.

**SECTION 204. Application of Bond Proceeds.** The proceeds of the 1996 Bonds shall be applied in accordance with the provisions of Section 209 of the Agreement as follows:

(1) to the Trustee for deposit to a special account in the Debt Service Fund, the amount of any accrued interest received with the purchase price with respect to the 1996 Bonds;

(2) to the Trustee for deposit to the Debt Service Reserve Fund, a portion of the proceeds of the 1996 Bonds in the amount of \$4,568,452.50;

(3) to the Insurer, in satisfaction of the premium payment to the Insurer in connection with the issuance of the Bond Insurance Policy, the amount of \$309,202.35; and

(4) to the Commerce Bank for deposit to a special subaccount in the Construction Fund designated "Series 1996 Construction Account", the balance of the proceeds (\$60,231,429.00) of such 1996 Bonds.



### ARTICLE III.

#### REGARDING THE INSURER

**SECTION 301. Additional Provisions.** The following provisions are incorporated in this Supplemental Agreement and shall apply to the 1996 Bonds:

a. The Authority covenants that it will provide the Insurer with:

(i) within 120 days after the end of each of the Authority's Fiscal Years, the Annual Budget for the new Fiscal Year prepared pursuant to Section 505 of the Initial Agreement, annual audited financial statements prepared pursuant to Section 709 of the Initial Agreement, a statement of the amount on deposit in the Debt Service Reserve Fund as of the last valuation, and, if not presented in the audited financial statements, a statement of the revenues pledged to payment of Bonds in each such Fiscal Year;

(ii) official statement or other disclosure document, if any, prepared in connection with the issuance of additional debt, whether or not it is on parity with the 1996 Bonds, within 30 days after the sale thereof;

(iii) notice of any withdrawal from the Debt Service Reserve Fund, draw upon a Debt Service Reserve Fund insurance policy, surety bond or letter of credit, or deficiency as a result of market fluctuation in the value of Investment Obligations deposited to the credit of the Debt Service Reserve Fund;

(iv) notice of the redemption of any of the 1996 Bonds (other than for scheduled Amortization Requirements), or of any advance refunding of the 1996 Bonds, including the principal amount, maturities and CUSIP numbers thereof;

(v) simultaneously with the delivery of the audited financial statements after each Fiscal Year, a statement as to the numbers of commercial and passenger vehicles using the Crossing Facilities during such Fiscal Year, the toll rates currently in effect for all classes of vehicles and a copy of the Authority's current capital improvement program;

(vi) such additional information as the Insurer may reasonably request from time to time; and

(vii) full transcripts of all proceedings relating to the adoption of any supplement or amendment to the Agreement.

b. The fair market value of repurchase agreements shall be determined in the manner prescribed in paragraph (b) of the definition of "Investment Obligations" contained in Section 101 of the Initial Agreement; provided, however, that such repurchase agreements shall be maintained in an amount at least equal to one hundred three percent (103%) of the amount invested in such repurchase agreements. In addition, the term of such repurchase agreements may not exceed thirty (30) days. The Authority may disregard the restrictions of this paragraph only with the prior written consent of the Insurer.

c. Notice of any optional redemption of 1996 Bonds shall be conditioned on either (i) there being on deposit on the redemption date sufficient money to pay the full redemption price of the 1996 Bonds to be redeemed or (ii) such notice stating that if sufficient funds are not available on the redemption date to pay the full redemption price, then the redemption and the original notice thereof are void, rescinded and of no force and effect.

d. In addition to its other responsibilities pursuant to Section 811 of the Initial Agreement, the Trustee shall also provide the Insurer with immediate notice of any default under Section 801(a) or (b) of the Initial Agreement, as well as notice of any other event of default set forth in Section 801 of the Initial Agreement, within thirty (30) days after the Trustee shall have such notice. The determination as to whether or not there has been an event of default pursuant to Section 801(a) or (b) of the Initial Agreement shall be made independent of any payments that may be received from the Insurer pursuant the Bond Insurance Policy.

e. For all purposes of Sections 802, 803, 806, 809 and 810, the Insurer shall be deemed to be the sole holder of the 1996 Bonds it has insured for so long as it has not failed to comply with its payment obligations under the Bond Insurance Policy.

f. The Insurer shall be included as a party in interest and as a party entitled to (i) notify the Authority, the Trustee, if any, or any applicable receiver of the occurrence of an event of default under Section 801 of the Bond Resolution and (ii) request the Trustee or receiver to intervene in judicial proceedings that affect the 1996 Bonds or the security therefor. The Trustee or receiver shall be required to accept notice of default from the Insurer.

g. Any amendment or supplement to the Agreement (except as may be necessary to provide for the issuance of Indebtedness in accordance with the terms of the Agreement), shall be subject to the prior written consent of the Insurer. The Authority will send to each rating agency rating the 1996 Bonds notice of each such amendment or supplement and a copy thereof at least 15 days in advance of its adoption.

h. In the event of an advance refunding, the Authority shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. If a forward supply contract is employed in connection with the refunding, (i) such verification report shall expressly state that the adequacy of the escrow to accomplish the refunding relies solely

on the initial escrowed investments and the maturing principal thereof and interest income thereon and does not assume performance under or compliance with the forward supply contract, and (ii) the applicable escrow agreement shall provide that in the event of any discrepancy or difference between the terms of the forward supply contract and the escrow agreement, the terms of the escrow agreement shall be controlling.

i. In the case of the 1996 Bonds, the definition of "Defeasance Obligations" shall be amended to limit the obligations described in (ii) of the definition "Government Obligations" under Section 101 of the Bond Resolution to REFCORP interest strips, CATS, TIGRS and STRPS unless the Insurer otherwise approves.

j. (i) If, on the third day preceding any interest payment date for the 1996 Bonds there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the 1996 Bonds due on such date, the Trustee shall immediately notify the Insurer and State Street Bank and Trust Company, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the Authority has not provided the amount of such deficiency, the Bond Registrar shall simultaneously make available to the Insurer and to the Fiscal Agent the registration books for the 1996 Bonds maintained by the Bond Registrar. In addition:

(A) The Bond Registrar shall provide the Insurer with a list of the Bondholders entitled to receive principal or interest payments from the Insurer under the terms of the Bond Insurance Policy and shall make arrangements for the Insurer and its Fiscal Agent (1) to mail checks or drafts to Bondholders entitled to receive full or partial interest payments from the Insurer and (2) to pay principal of the Bonds surrendered to the Fiscal Agent by the Bondholders entitled to receive full or partial principal payments from the Insurer; and

(B) The Bond Registrar shall, at the time it makes the registration books available to the Insurer pursuant to (A) above, notify Bondholders entitled to receive the payment of principal of or interest on the 1996 Bonds from the Insurer (1) as to the fact of such entitlement, (2) that the Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Bond Insurance Policy, (3) that, except as provided in paragraph (ii) below, in the event that any Bondholder is entitled to receive full payment of principal from the Insurer, such Bondholder must tender his 1996 Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Insurer, and (4) that, except as provided in paragraph (ii) below, in the event that such Bondholder is entitled to receive partial payment of principal from the Insurer, such Bondholder must tender his 1996 Bond for payment first to the Bond Registrar, which shall note on such Bond the portion of principal paid by the Bond Registrar, and then, with an acceptable form of assignment executed in the name of the Insurer, to the

Fiscal Agent, which will then pay the unpaid portion of principal to the Bondholder subject to the terms of the Bond Insurance Policy.

(ii) In the event that the Bond Registrar has notice that any payment of principal of or interest on a 1996 Bond has been recovered from a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Bond Registrar shall, at the time it provides notice to the Insurer, notify all Bondholders that in the event that any Bondholder's payment is so recovered, such Bondholder will be entitled to payment from the Insurer to the extent of such recovery, and the Bond Registrar shall furnish to the Insurer its records evidencing the payments of principal of and interest on the 1996 Bonds which have been made by the Bond Registrar and subsequently recovered from Bondholders, and the dates on which such payments were made.

(iii) The Insurer shall, to the extent it makes payment of principal of or interest on the 1996 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Bond Registrar shall note the Insurer's rights as subrogee on the registration books maintained by the Bond Registrar upon receipt from the Insurer of proof of the payment of interest thereon to the Bondholders of such 1996 Bonds and 2) in the case of subrogation as to claims for past due principal, the Bond Registrar shall note the Insurer's rights as subrogee on the registration books for the 1996 Bonds maintained by the Bond Registrar upon receipt of proof of the payment of principal thereof to the Bondholders of such 1996 Bonds. Notwithstanding anything in this or the 1996 Bonds to the contrary, the Bond Registrar shall make payment of such past due interest and past due principal directly to the Insurer to the extent that the Insurer is a subrogee with respect thereto.

k. Any notice to the Insurer shall be given in the same manner as prescribed in Section 1303 of the Initial Agreement and addressed to Financial Guaranty Insurance Company, 115 Broadway, New York, New York 10006, Attention: General Counsel.

l. Any notice to the Fiscal Agent shall be addressed to State Street Bank and Trust Company, N.A., 61 Broadway, New York, New York 10006, Attention: Corporation Trust Department.

m. Any investments in Investment Obligations that are in the form of unsecured certificates of deposit, time deposits or bankers' acceptances shall be limited to domestic branches of banks headquartered in the United States. Foreign branches of banks headquartered in the United States may be used on the receipt of a legal opinion as to the enforceability of timely and full payment of such deposit or obligations against the domestic headquarters office of such bank.

n. Any acceleration of the 1996 Bonds or any annulment thereof shall be subject to the prior written consent of the Insurer (if it has not failed to comply with its payment obligations under the Bond Insurance Policy).

#### **ARTICLE IV.**

#### **MISCELLANEOUS**

**SECTION 401. Multiple Counterparts.** This Supplemental 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.

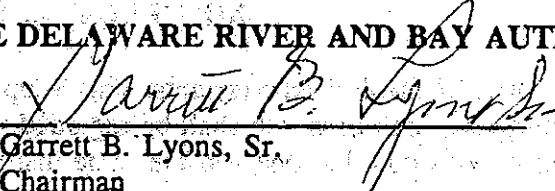
**SECTION 402. Headings etc. Not Part of Agreement.** Any headings preceding the texts of the several articles or sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Supplemental Agreement, nor shall they affect its meaning, construction or effect.

**SECTION 403. Controlling laws.** This Supplemental 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.

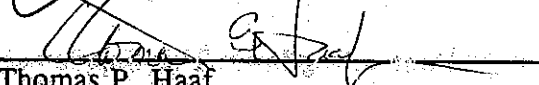
IN WITNESS WHEREOF, The Delaware River and Bay Authority, by its Board of Commissioners as the governing body thereof, has caused this Supplemental Agreement to be executed by the Chairman, the Vice-Chairman and the Secretary of the Authority under the official and corporate seal of The Delaware River and Bay Authority, and Wilmington Trust Company, as Trustee has caused this Supplemental 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 Assistant Secretary, all as of the day and year first above written.

**THE DELAWARE RIVER AND BAY AUTHORITY,**

By:

  
Garrett B. Lyons, Sr.  
Chairman

  
Albert A. Fralinger, Jr.  
Vice Chairman

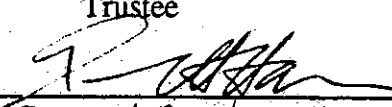
  
Thomas P. Haaf  
Secretary

[Seal]

**WILMINGTON TRUST COMPANY,**

Trustee

By:


  
Emmett R. Harmon  
Vice President

Attest:

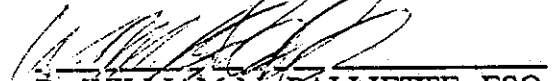
  
Assistant Secretary

Approved as to legality and form:

**MORRIS, NICHOLS, ARSHT & TUNNELL**

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

**CAFIERO & BALLIETTE AND BALLIETTE, P.A.**

  
By WILLIAM M. BALLIETTE, 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 \_\_\_ day of \_\_\_\_\_, 1996, by \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_.

(Seal)



STATE OF DELAWARE )

:ss.:

NEW CASTLE COUNTY )

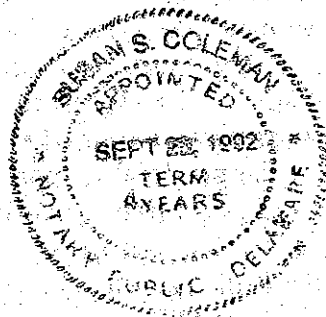
The foregoing Supplemental Agreement was acknowledged before me, a notary public within and for said County and State, on the 20 day of August, 1996, by Mr. T. Gunn, who is a Vice President of WILMINGTON TRUST COMPANY and who acknowledged that the name of said bank and trust company was subscribed to the foregoing Supplemental 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

*Ernest Coleman*

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



(Seal)

My commission expires  
September 23, 1996

APPENDIX A

NO. R-

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

United States of America

**THE DELAWARE RIVER AND BAY AUTHORITY**

**REVENUE BOND, SERIES 1996**

Interest Rate	Maturity Date	Dated Date	CUSIP No.
_____ %	January 1,	August 1, 1996	

Registered Owner: **CEDE & CO.**

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

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 day of January and July in each year commencing January 1, 1997, solely from such sources, from the date hereof or the January 1, or July 1 next preceding the date on which this bond is authenticated, unless it is authenticated on January 1, or July 1, in which event from such date, at the Interest Rate set forth above. 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.

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 the 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 the 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.

This bond is one of a duly authorized series of revenue bonds of the Authority in an aggregate principal amount of Sixty Seven Million, Sixty Five Thousand Dollars (\$67,065,000), designated as "Delaware River and Bay Authority Revenue Bonds, Series 1996" (the "bonds"), dated as of the 1st day of May, 1996, consisting of bonds maturing in annual installments on the 1st day of January in the years 1998 to 2016, inclusive (herein called the "serial bonds"), and of bonds maturing on the the 1st day of January, 2026 (herein called the "term bonds"), for the purpose of providing funds for the costs of various capital projects undertaken or to be undertaken in the fiscal years ending December 31, 1996 and December 31, 1997 and identified in the Authority's Five-Year Capital Improvement Program. Said capital projects relate to the improvement, rehabilitation and expansion of the twin spans of the Delaware Memorial Bridge and the Cape May-Lewes ferry system and related facilities and appurtenances (the "Project").

All of the bonds are issued under and pursuant to a Trust 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") as supplemented by Supplemental Trust Agreement Number 1, dated as of the 1st day of October, 1993, and Supplemental Trust Agreement Number 2, dated as of August 1, 1996, by and between the Authority and the Trustee (said agreements, together with all agreements supplemental thereto as therein permitted, being herein called the "Agreement"), 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, Depositories and the Bond Registrar for the Series 1996 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.

Under the Agreement, the Authority issued on October 27, 1993 its Revenue Bonds, Series 1993, in the aggregate principal amount of \$123,755,000, which are payable from the Debt Service Fund (hereinafter mentioned) on a parity with the bonds and any additional series of bonds issued, from time to time, under the conditions, limitations and restrictions set forth in the Agreement, 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) any Additional Facilities (as defined in the Agreement) 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.

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, 1951 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.

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.

The bonds are issuable as registered bonds without coupons in denominations of \$5,000 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.

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.

The bonds of this series at the time outstanding may be redeemed prior to their respective maturities, as described below:

**Amortization Requirements.** The Series 1996 Bonds constituting term bonds shall be subject to redemption prior to maturity at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption as follows:

\$34,840,000

Term Bonds due January 1, 2026

<u>Date (January)</u>	<u>Amortization Requirement</u>	<u>Date (January)</u>	<u>Amortization Requirement</u>
2017	\$2,740,000	2022	\$3,535,000
2018	2,880,000	2023	3,720,000
2019	3,030,000	2024	3,915,000
2020	3,195,000	2025	4,125,000
2021	3,360,000	2026*	4,340,000

\* Unamortized principal at stated maturity.

**Optional Redemption.** The Series 1996 Bonds may not be called for redemption at the option of the Authority prior to January 1, 2006.

On and after January 1, 2006, the Series 1996 Bonds maturing on or after January 1, 2007 may be called for redemption prior to maturity at the option of the Authority, from any moneys that may be made available for such purpose, other than moneys set aside in respect of an Interest Requirement, Principal Requirement or Amortization Requirement for other bonds, in whole or in part at any time, from such maturity or maturities as the Authority may direct, at redemption prices (expressed as a percentage of principal amount of the Series 1996 Bonds, or portions thereof, to be redeemed), plus interest accrued to the date fixed for redemption, as follows:

<u>Redemption Period (dates inclusive)</u>	<u>Redemption Price</u>
January 1, 2006 through December 31, 2006	102%
January 1, 2007 through December 31, 2007	101
January 1, 2008 and thereafter	100

If less than all of the Series 1996 Bonds of any one maturity shall be called for redemption, the particular Series 1996 Bonds or portions of registered Series 1996 Bonds to be redeemed from such maturity shall be selected by lot in such manner as the Trustee deems fair and appropriate as provided in the Agreement.

At least 30 days but no more than 60 days before the redemption date of any Series 1996 Bonds, a notice of any such redemption will be mailed, first class, postage prepaid, to all registered owners of Series 1996 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 1996 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 1996 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.

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.

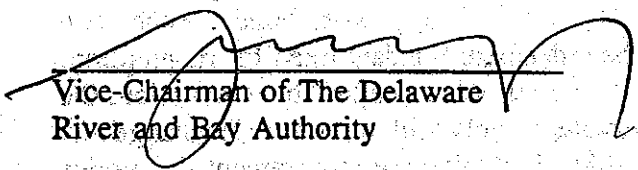
In certain events, on the conditions, in the manner and with the effect set forth in the Agreement, the principal of all the bonds then outstanding under the Agreement may become or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

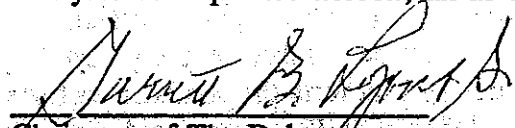
Modifications or alterations of the Agreement or of any agreement supplemental thereto may be made by the Authority and the Trustee only to the extent and in the circumstances permitted by the Agreement.

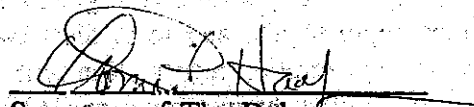
All acts, conditions and things required by the constitutions and laws of the State of Delaware and the State of New Jersey and the Compact to happen, exist and be performed precedent to and in the issuance of this bond and the execution of the Agreement have happened, exist and have been performed as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

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 August, 1996.

  
\_\_\_\_\_  
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.

WILMINGTON TRUST COMPANY,  
As Bond Registrar

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



## STATEMENT OF INSURANCE

Financial Guaranty Insurance Company ("Financial Guaranty") has issued a policy containing the following provisions with respect to the Delaware River and Bay Authority Revenue Bonds, Series 1996 maturing on January 1, 2000 to 2016, inclusive, and 2026 (the "Bonds"), such policy being on file at the principal office of the Wilmington Trust Company, as paying agent (the "Paying Agent"):

Financial Guaranty hereby unconditionally and irrevocably agrees to pay for disbursement to the Bondholders that portion of the principal of and interest on the Bonds which is then due for payment and which the issuer of the Bonds (the "Issuer") shall have failed to provide. Due for payment means, with respect to the principal, the stated maturity date thereof, or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which the payment of principal of the Bonds is due by reason of call for redemption (other than mandatory sinking fund redemption), acceleration or other advancement of maturity, and with respect to interest, the stated date for payment of such interest.

Upon receipt of telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or the Paying Agent to Financial Guaranty that the required payment of principal or interest has not been made by the Issuer to the Paying Agent, Financial Guaranty on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., or its successor as its agent (the "Fiscal Agent"), sufficient to make the portion of such payment not paid by the Issuer. Upon presentation to the Fiscal Agent of evidence satisfactory to it of the Bondholder's right to receive such payment and any appropriate instruments of assignment required to vest all of such Bondholder's right to such payment in Financial Guaranty, the Fiscal Agent will disburse such amount to the Bondholder.

As used herein the term "Bondholder" means the person other than the Issuer, as such term is defined in the bond documents, who at the time of nonpayment of a Bond is entitled under the terms of such Bond to payment thereof.

The policy is non-cancellable for any reason.

**FINANCIAL GUARANTY INSURANCE COMPANY**

[Form of Assignment]

**FOR VALUE RECEIVED**, the undersigned hereby sells, assigns and transfers unto

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[Please Print or Typewrite Name, Tax Identification Number and Address of Transferee]  
the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_

Taxpayer Identification Number: \_\_\_\_\_

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

Signature Guaranteed \* by: \_\_\_\_\_, New York, New York

\* Signature must be guaranteed by a commercial bank or trust company having an officer or correspondent in New York, New York or by a firm having membership on the New York Stock Exchange.