

THE DELAWARE RIVER AND BAY AUTHORITY
TO
WILMINGTON TRUST COMPANY
AS TRUSTEE

SUPPLEMENTAL TRUST AGREEMENT
NUMBER 7

Dated as of March 1, 2005

This Supplemental Trust Agreement Number 7 (this "Supplemental Agreement"), dated for convenience of reference as of the 1st day of March, 2005, supplemental to that certain Trust Agreement, dated as of October 1, 1993, as amended (the "Trust Agreement"), 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 Trust 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: (i) defeasing 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) financing the costs of certain Additional Facilities; and

WHEREAS, the Authority entered into Supplemental Trust Agreement Number 2, dated as of August 1, 1996, for the purpose of providing for the issuance of and securing its \$67,065,000 Revenue Bonds, Series 1996 (the "1996 Bonds"), and, from the proceeds thereof, financing the costs of certain Additional Facilities; and

WHEREAS, the Authority entered into Supplemental Trust Agreement Number 3, dated as of June 1, 2000, and Supplemental Trust Agreement Number 4, dated as of August 1, 2000, for the purpose of providing for the issuance of and securing its \$98,755,000 Revenue Bonds, Series 2000A (the "2000 A Bonds") and \$30,000,000 Revenue Bonds, Series 2000B (collectively, the "2000 Bonds") and, from the proceeds thereof, financing the costs of certain Additional Facilities; and

WHEREAS, the Authority entered into Supplemental Trust Agreement Number 5, dated as of January 1, 2003, for the purpose of providing for the issuance of and securing its \$76,300,000 Revenue Bonds, Series 2003 (the “2003 Bonds”) and, from the proceeds thereof, financing the costs of certain Additional Facilities; and

WHEREAS, the Authority entered into Supplemental Trust Agreement Number 6, dated as of September 1, 2004, for the purpose of providing for the issuance of and securing its \$53,670,000 Revenue Bonds, Refunding Series 2004 (the “2004 Bonds”) and, from the proceeds thereof, refunding a portion of the 1993 Bonds and the 1996 Bonds; and

WHEREAS, this Supplemental Agreement is being entered into by the Authority and the Trustee pursuant to the provisions of Section 210 of the Trust Agreement in order to provide for the issuance of the seventh series of bonds pursuant to the Trust Agreement in order to provide funds, together with other available moneys, for refunding prior to their maturities, including the payment of the redemption premium thereon, the following described bonds (collectively, the “Refunded Bonds”):

<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>Original CUSIP Numbers</u>
<i>1993 Bonds</i>				
\$33,235,000	2024	May 3, 2005	101%	246307BP6
<i>1996 Bonds</i>				
\$34,840,000	2026	January 1, 2006	102%	246307CW0
<i>2000 A Bonds</i>				
\$ 1,735,000	2011	January 1, 2010	101%	246317AG6
1,820,000	2012	January 1, 2010	101	246317AH4
1,920,000	2013	January 1, 2010	101	246317AJ0
2,020,000	2014	January 1, 2010	101	246317AK7
2,130,000	2015	January 1, 2010	101	246317AL5
2,255,000	2016	January 1, 2010	101	246317AM3
2,375,000	2017	January 1, 2010	101	246317AN1
2,505,000	2018	January 1, 2010	101	246317AP6
2,650,000	2019	January 1, 2010	101	246317AQ4
2,795,000	2020	January 1, 2010	101	246317AR2
67,775,000	2029	January 1, 2010	101	246317AS0

<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>Original CUSIP Numbers</u>
<i>2003 Bonds</i>				
\$1,855,000	2014	January 1, 2013	100%	246317BM2
1,950,000	2015	January 1, 2013	100	246317BN0
2,050,000	2016	January 1, 2013	100	246317BP5
2,160,000	2017	January 1, 2013	100	246317BQ3
2,270,000	2018	January 1, 2013	100	246317BR1
2,390,000	2019	January 1, 2013	100	246317BS9
2,515,000	2020	January 1, 2013	100	246317BT7
2,650,000	2021	January 1, 2013	100	246317BU4
2,790,000	2022	January 1, 2013	100	246317BV2

; and

WHEREAS, by virtue of the Enabling Legislation (as defined in the Trust Agreement), the Compact (as defined in the Trust Agreement) and the Trust 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 by 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 herein authorized 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, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created and by the Trust Agreement, and also for and in consideration of the sum of One Dollar to the Trustee in hand paid by the Authority at or before

the execution and delivery of this Supplemental Agreement, the receipt of which is hereby acknowledged, it is mutually agreed and covenanted by and between the parties hereto, as follows:

ARTICLE I.

DEFINITIONS.

Section 1.01. **Meaning of Words and Terms.** In addition to words and terms defined in the Trust Agreement, which words and terms are used herein as therein defined, 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:

Bond Purchase Agreement. The term "Bond Purchase Agreement" shall mean the Bond Purchase Agreement, dated March 10, 2005, by and between the Authority and Citigroup Global Markets Inc., as underwriter of the 2005 Bonds.

Escrow Agent. The term "Escrow Agent" shall mean the duty assigned to Wilmington Trust Company under the Escrow Deposit Agreements.

Escrow Deposit Agreements. The term "Escrow Deposit Agreements" shall mean the Escrow Deposit Agreements, each dated as of March 1, 2005, by and between the Authority and the Escrow Agent, each corresponding to the Series of Refunded Bonds to which it relates.

Financial Guaranty Insurance Policy. The term "Financial Guaranty Insurance Policy" shall mean the financial guaranty insurance policy issued by MBIA insuring the payment when due of the principal of and interest on the 2005 Bonds as provided therein.

MBIA. The term "MBIA" shall mean MBIA Insurance Corporation, a New York-domiciled stock insurance company.

Moody's. The term "Moody's" shall mean Moody's Investors Service, and its legal successors.

S&P. The term "S&P" shall mean Standard & Poor's Rating Services, a Division of The McGraw-Hill Companies, Inc., and its legal successors.

ARTICLE II.

THE 2005 BONDS

Section 2.01. **Authorization of Revenue Bonds of the Authority.**

(a) **Authorization of 2005 Bonds.** Pursuant to Section 210 of the Trust Agreement, there are hereby authorized and there shall be initially issued at one time, under and secured by the Trust Agreement and this Supplemental Agreement, revenue bonds of the Authority which shall be Current Interest Bonds in the aggregate initial principal amount of One Hundred Eighty Million Two Hundred Fifteen Thousand Dollars (\$180,215,000) designated "Revenue Bonds, Refunding Series 2005" (the "2005 Bonds"), for the purpose of providing funds, together with other available funds, to refund the Refunded Bonds.

(b) **Certain Details of 2005 Bonds.** The 2005 Bonds shall be dated their date of delivery, shall consist of serial bonds maturing on January 1 in each of the years 2006 through 2029, inclusive. The 2005 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 July 1, 2005, 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>
2006	\$ 25,000	3.000%	2019	\$ 1,030,000	4.000%
2007	240,000	3.000	2019	11,460,000	5.000
2008	245,000	3.000	2020	750,000	4.000
2009	255,000	3.000	2020	12,350,000	5.000
2010	260,000	3.000	2021	1,500,000	4.125
2011	2,005,000	3.250	2021	12,250,000	5.000
2012	2,065,000	3.400	2022	14,425,000	5.000
2013	360,000	3.500	2023	12,215,000	5.000
2013	1,780,000	5.000	2024	12,825,000	5.000
2014	4,090,000	3.600	2025	40,000	4.375
2015	140,000	3.750	2025	13,425,000	5.000
2015	4,100,000	5.000	2026	14,135,000	5.000
2016	4,455,000	5.000	2027	14,840,000	5.000
2017	7,415,000	5.000	2028	15,585,000	5.000
2018	150,000	4.000	2029	1,500,000	4.350
2018	11,740,000	5.000	2029	2,560,000	5.000

(c) **Optional Redemption.** The 2005 Bonds maturing on or before January 1, 2015 may not be called for redemption prior to their stated maturity dates.

On and after January 1, 2015, the 2005 Bonds maturing on or after January 1, 2016 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 not called for redemption, in whole or in part at any time, and if in part, as the Authority may direct, at the redemption price of par, plus interest accrued to the date fixed for redemption.

Any notice of optional redemption of the 2005 Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the redemption price, consisting of par and the applicable redemption premium, if any, plus interest accrued and unpaid to the redemption date (the "Redemption Price"), and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds being on deposit with the Trustee to pay the Redemption Price, the corresponding notice of redemption shall be deemed to have been revoked *nunc pro tunc*.

If the Authority gives an unconditional notice of redemption, then on the redemption date the 2005 Bonds called for redemption will become due and payable at the Redemption Price. If the Authority gives a conditional notice of redemption and money to pay the Redemption Price of the affected 2005 Bonds shall have been set aside in escrow with the Trustee for the purpose of paying such 2005 Bonds, then on the redemption date the 2005 Bonds so called for redemption shall become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Redemption Price of the 2005 Bonds called for redemption, thereafter, no interest will accrue on those 2005 Bonds, and a Bondholder's right will be to receive payment of the Redemption Price upon surrender of its 2005 Bonds so called for redemption.

(d) **Form of 2005 Bonds.** The definitive 2005 Bonds issued under the provisions of this Supplemental Agreement shall be in substantially the form set forth in Appendix A. The 2005 Bonds shall be issued in registered form without coupons in the name of Cede & Co., as nominee of The Depository Trust Company, and which shall be numbered from R-1 upwards.

Section 2.02. **Authentication of 2005 Bonds.** Upon their execution in the form and manner set forth in the Trust Agreement and this Supplemental Agreement, the 2005 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 this Supplemental Agreement by the proper parties thereto, the Trustee shall cause the Bond Registrar to deliver the 2005 Bonds for the account of Citigroup Global Markets Inc. at The Depository Trust Company, New York, New York, against payment therefor in accordance with and subject to the provisions of Section 210 of the Trust Agreement. As a condition precedent to the authentication of the 2005 Bonds, the Trustee shall be entitled to receive, in addition to the items required by Section 210 of the Trust Agreement, opinions of Bond Counsel to the effect that this Supplemental Agreement is valid and binding upon the Authority, the 2005 Bonds are exempt securities under the Securities Act of 1933, as amended, this Supplemental Agreement is not required to be qualified under the Trust Indenture Act of 1939, as amended, and the Refunded Bonds are no longer Outstanding under the Trust Agreement.

Section 2.03. **Application of Bond Proceeds.** The proceeds of the 2005 Bonds, including funds released from the special escrow funds mentioned in paragraph (2) below, shall be applied in accordance with the provisions of Section 210 of the Trust 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 2005 Bonds;

(2) to the Escrow Agent for deposit to the credit of special escrow funds, appropriately designated, an amount which, together with other moneys deposited in each of such funds as provided in the Trust Agreement and 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 the Refunded Bonds to which each of such funds relate, to be used to purchase the Defeasance Obligations identified in the corresponding Escrow Deposit Agreements, for the sole and exclusive purpose of paying such principal, redemption premium and interest;

(3) to the Trustee 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 for deposit to the credit of said Reserve Fund; and

(4) any balance of such proceeds shall be deposited to the credit of the 2005 Costs of Issuance Account, from which the Authority shall pay the costs of issuing the 2005 Bonds, including the premium payment of \$1,457,000.00 to be wired by Citigroup Global Markets Inc. to MBIA on behalf of the Authority's account in connection with the issuance of the Financial Guaranty Insurance Policy.

ARTICLE III.

REGARDING MBIA

Section 3.01. **Additional Provisions.** The following provisions are incorporated in this Supplemental Agreement and shall apply to the 2005 Bonds:

(a) Any provision of this Supplemental Agreement expressly recognizing or granting rights in or to MBIA may not be amended in any manner which affects the rights of MBIA hereunder without the prior written consent of MBIA. MBIA reserves the right to charge the Authority a fee for any consent, amendment or waiver to the Trust Agreement while the Financial Guaranty Insurance Policy is outstanding.

(b) Unless otherwise provided in this Section, MBIA's consent shall be given in lieu of the consent of the holders of the 2005 Bonds, when such consent is required under Section 1102 of the Trust Agreement. In addition, the consent of MBIA is required in lieu of

consent of the holders of the 2005 Bonds, when required, for the following purposes: (i) execution and delivery of any supplemental agreement or any amendment, supplement or change to or modification of the Trust Agreement, (ii) removal of the Trustee or Paying Agent and selection and appointment of any successor trustee or paying agent, and (iii) initiation or approval of any action not described in (i) or (ii) above which requires consent of the holders of the 2005 Bonds.

(c) Anything in this Supplemental Agreement to the contrary notwithstanding, upon the occurrence and continuance of an event of default under the Trust Agreement, MBIA shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the 2005 Bonds or the Trustee for the benefit of the holders of the 2005 Bonds under the Trust Agreement and this Supplemental Agreement, including, without limitation: (i) the right to accelerate the principal of the 2005 Bonds, and (ii) the right to annul any declaration of acceleration, and the MBIA shall also be entitled to approve all waivers of events of default.

(d) Any reorganization or liquidation plan with respect to the Authority must be acceptable to MBIA. In the event of any reorganization or liquidation, MBIA shall have the right to vote on behalf of all holders who hold 2005 Bonds insured by MBIA absent a default by MBIA under the Financial Guaranty Insurance Policy.

(e) Other than the redemption provisions contained in the 2005 Bonds, any acceleration of principal payments on the 2005 Bonds shall be subject to MBIA's prior written consent.

(f) The Authority shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such bonds without the prior written consent of MBIA.

(g) While the Financial Guaranty Insurance Policy is in effect, the Authority shall furnish to MBIA the following:

(i) A copy of any notice required to be given to the holders of the 2005 Bonds;

(ii) On an annual basis, copies of the Authority's audited financial statements and Annual Budget;

(iii) In connection with the issuance of additional bonds, a copy of the disclosure document, if any, circulated with respect to such additional bonds; and

(iv) Notice of the resignation or removal of the Trustee or Paying Agent, if any, and the appointment of a successor thereto.

Such information shall be delivered at the Authority's expense to the attention of the Surveillance Department, unless otherwise indicated. To the extent that the Authority has entered into a continuing disclosure agreement with respect to the 2005 Bonds, MBIA shall be included as party to be notified.

(h) The Trustee shall notify MBIA of any failure of the Authority to provide notices, certificates, and any other writing required to be given by the Authority to the Trustee under the Trust Agreement.

(i) In the case of the 2005 Bonds, MBIA will allow the following obligations to be used as Investment Obligations for all purposes, including defeasance investments in refunding escrow accounts:

(i) Cash;

(ii) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGs");

(iii) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;

(iv) Resolution Funding Corporation ("REFCORP"); *provided, however*, only the interest components of REFCORP strips which have been stripped by request of the Federal Reserve Bank of New York in book entry form are acceptable;

(v) Pre-refunded Municipal Obligations rated "Aaa" by Moody's and "AAA" by S&P; *provided, however*, if such bonds are only rated by S&P, then such pre-refunded municipal bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations or AAA-rated pre-refunded municipal bonds; and

(vi) Obligations issued by following agencies which are backed by the full faith and credit of the United States of America:

A. the U.S. Export-Import Bank ("Eximbank") (Direct obligations or fully guaranteed certificates of beneficial ownership);

B. the Farmers Home Administration (FmHA) (Certificates of beneficial ownership);

C. the Federal Financing Bank;

D. the General Services Administration;

E. the U.S. Maritime Administration (Guaranteed Title XI financing); and

F. the U.S. Department of Housing and Urban Development (“HUD”) (Project Notes, Local Authority Bonds, New Communities Debentures – U.S government guaranteed debentures, U.S. Public Housing Notes and Bonds – U.S. government guaranteed public housing notes and bonds)

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the related debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(j) As long as the Financial Guaranty Insurance Policy shall be in full force and effect, the Authority, the Trustee and any successor Paying Agent, if any, agree to comply with the following provisions:

(i) In the event that, on the Second Business Day, and again on the Business Day, prior to any Interest Payment Date or Principal Payment Date on the 2005 Bonds, the Trustee has not received sufficient moneys to pay all principal of and interest on the 2005 Bonds due on the second following or following, as the case may be, Business Day, the Trustee shall immediately notify MBIA or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(ii) If the deficiency is made up in whole or in part prior to the Interest Payment Date or Principal Payment Date, the Trustee shall so notify MBIA or its designee.

(iii) In addition, if the Trustee has notice that any holder of the 2005 Bonds has been required to disgorge payments of principal or interest on the 2005 Bonds to a trustee in bankruptcy or creditors or other pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such holder within the meaning of any applicable bankruptcy laws, then the Trustee shall notify MBIA or its designee by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(iv) The Trustee is irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for holders of the 2005 Bonds as follows:

A. If and to the extent there is a deficiency in amounts required to pay interest on the 2005 Bonds, the Trustee shall (i) execute and deliver to U.S. Bank Trust National Association, or its successors under the Financial Guaranty Insurance Policy (the “Insurance Paying Agent/Trustee”), in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing MBIA as agent for such holders of the 2005 Bonds in any legal proceeding related to the payment of such interest and an assignment to MBIA of the claims for

interest to which such deficiency relates and which are paid by MBIA, (ii) receive as designee of the respective holders of the 2005 Bonds (and not as Trustee) in accordance with the tenor of the Financial Guaranty Insurance Policy payment from the Insurance Paying Agent/Trustee with respect to the claims for interest so assigned, and (iii) disburse the same to such respective holders of the 2005 Bonds; and

B. If and to the extent there is a deficiency in amounts required to pay principal on the 2005 Bonds, the Trustee shall (i) execute and deliver to the Insurance Paying Agent/Trustee, in form satisfactory to the Insurance Paying Agent/Trustee, an instrument appointing MBIA as agent for such holders of the 2005 Bonds in any legal proceeding related to the payment of such principal and an assignment to MBIA of any of the 2005 Bonds surrendered to the Insurance Paying Agent/Trustee of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Trustee and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent/Trustee is received), (ii) receive as designee of the respective holders of the 2005 Bonds (and not as Trustee) in accordance with the tenor of the Financial Guaranty Insurance Policy payment from the Insurance Paying Agent/Trustee, and (iii) disburse the same to such respective holders of the 2005 Bonds; and

(v) Irrespective of whether any such assignment is executed and delivered the Trustee hereby agrees for the benefit of MBIA that:

A. The Trustee recognizes that to the extent MBIA makes payments directly or indirectly (as by paying through the Trustee), on account of principal of or interest on the 2005 Bonds, MBIA will be subrogated to the rights of the holders of the 2005 Bonds to receive the amount of such principal and interest from the Authority, with interest thereon as provided and solely from the sources stated in the Trust Agreement and the 2005 Bonds; and

B. The Trustee will accordingly pay to MBIA the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the Financial Guaranty Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in the Trust Agreement and the 2005 Bonds, but only from the sources and in the manner provided in the Trust Agreement for the payment of principal of and interest on the 2005 Bonds to holders of the 2005 Bonds, and will otherwise treat MBIA as the owner of such rights to the amount of such principal and interest.

(k) Payments with respect to claims for interest on and principal of the 2005 Bonds disbursed by the Trustee from proceeds of the Financial Guaranty Insurance Policy shall not be considered to discharge the obligation of the Authority with respect to the 2005 Bonds, and MBIA shall become the owner of such unpaid 2005 Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(l) The Authority agrees to reimburse MBIA immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by MBIA in connection with (a) the enforcement by MBIA of the Authority's obligations, or the preservation or defense of any rights of MBIA, under the Trust Agreement and any other document executed in connection with the issuance of the 2005 Bonds, and (b) any consent, amendment, waiver or other action with respect to the Trust Agreement or any related document, whether or not granted and approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus three percent (3%) or the maximum interest rate permitted by law, whichever is less.

(m) The Authority agrees not to use MBIA's name in any public document including, without limitation, a press release or presentation, announcement or forum without MBIA's prior consent; *provided, however*, such prohibition on the use of MBIA's name shall not relate to the use of MBIA's standard approved form of disclosure in public documents issued in connection with the 2005 Bonds in accordance with the terms of the Commitment to Issue a Financial Guaranty Insurance Policy, dated March 4, 2005; and *provided further* such prohibition shall not apply to the use of MBIA's name in order to comply with public notice, public meeting, public reporting requirements or with applicable securities laws in any disclosure or related document.

(n) Notwithstanding any other provision of this Supplemental Agreement, in determining whether the rights of the holders of the 2005 Bonds will be adversely affected by any action taken pursuant to the terms and provisions of this Supplemental Agreement, the Trustee shall consider the effect on the holders as if there were no Financial Guaranty Insurance Policy.

(o) To the extent that this Supplemental Agreement confers upon or gives or grants to MBIA any right, remedy or claim under or by reason of this Supplemental Agreement, MBIA is hereby explicitly recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder

(p) Nothing in this Supplemental Agreement expressed or implied is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the Authority, the Trustee, MBIA, the Paying Agent, if any, and the registered owners of the 2005 Bonds, any right, remedy or claim under or by reason of this Supplemental Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Supplemental Agreement contained by and on behalf of the Authority shall be for the sole and exclusive benefit of the Authority, the Trustee, MBIA, the Paying Agent, if any, and the registered owners of the 2005 Bonds.

(q) The Statement of Insurance to be printed on each 2005 Bond shall be substantially in the following form:

“STATEMENT OF INSURANCE

MBIA Insurance Corporation (the “Insurer”) has issued a policy containing the following provisions, such policy being on file at Wilmington Trust Company, Wilmington, Delaware.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Wilmington Trust Company or its successor (the “Paying Agent”) of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the “Insured Amounts.” “Obligations” shall mean:

\$180,215,000

The Delaware River and Bay Authority
Revenue Bonds, Refunding Series 2005

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer 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 U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form

satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION"

ARTICLE IV.

MISCELLANEOUS

Section 4.01. **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.

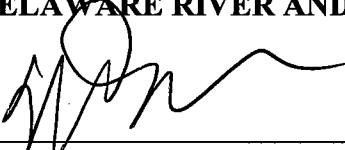
Section 4.02. **Headings etc. Not Part of Agreement.** Any headings preceding the texts of the several articles or sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Supplemental Agreement, nor shall they affect its meaning, construction or effect.

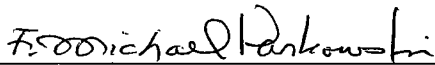
Section 4.03. **Controlling laws.** This Supplemental Agreement is made and entered into under and pursuant to the Constitution and Laws of the State of Delaware and of the State of New Jersey, particularly the Enabling Legislation and the Compact.

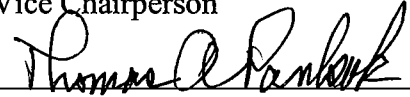
IN WITNESS WHEREOF, The Delaware River and Bay Authority, by its Board of Commissioners as the governing body thereof, has caused this Supplemental Agreement to be executed by the Chairperson, the Vice Chairperson and the Secretary of the Authority under the official and corporate seal of The Delaware River and Bay Authority, and Wilmington Trust Company, as Trustee, has caused this Supplemental Agreement to be executed in its behalf by a duly authorized officer and its corporate seal to be impressed hereon, all as of the day and year first above written.

THE DELAWARE RIVER AND BAY AUTHORITY

By: _____


Dr. Warren S. Wallace
Chairperson


F. Michael Parkowski
Vice Chairperson


Thomas A. Pankok
Secretary

[Seal]

WILMINGTON TRUST COMPANY,
as Trustee

By: _____

Christopher Slaybaugh
Senior Financial Services Officer

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 Chairperson, the Vice Chairperson 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 a duly authorized officer and its corporate seal to be impressed hereon, all as of the day and year first above written.

THE DELAWARE RIVER AND BAY AUTHORITY

By: _____

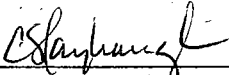
Dr. Warren S. Wallace
Chairperson

F. Michael Parkowski
Vice Chairperson

Thomas A. Pankok
Secretary

[Seal]

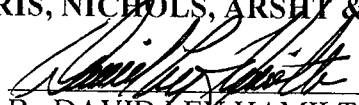
WILMINGTON TRUST COMPANY,
as Trustee

By: _____ 


Christopher Slaybaugh
Senior Financial Services Officer

Approved as to legality and form:

MORRIS, NICHOLS, ARSHT & TUNNELL


By DAVID LEY HAMILTON, ESQ.
Counsel for the Authority

PARKER MCCAY P.A.


By PHILIP A. NORCROSS, ESQ.
Counsel for the Authority

APPENDIX A

NO. R-

\$ _____

United States of America

THE DELAWARE RIVER AND BAY AUTHORITY

REVENUE BOND, REFUNDING SERIES 2005

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP No.</u>
_____ %	January 1, 20__	March 30, 2005	246317__

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 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 July 1, 2005, 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) 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 any 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 or 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 or 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 One Hundred Eighty Million Two Hundred Fifteen Thousand Dollars (\$180,215,000), designated as "The Delaware River and Bay Authority Revenue Bonds, Refunding Series 2005" (the "2005 Bonds"), dated as of the 30th day of March, 2005, consisting of bonds maturing in annual installments on the 1st day of January in the years 2006 to 2029, inclusive for the purpose of providing funds for the refunding of certain outstanding bonds of the Authority. The refunded bonds were issued to finance or refinance the cost of capital projects relating 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 Trust Agreement being herein called the "Trustee") as supplemented by Supplemental Trust Agreement Numbers 1, 2, 3, 4, 5 and 6 and as further supplemented by Supplemental Trust Agreement Number 7, dated as of March 1, 2005, by and between the Authority and the Trustee (said Trust Agreement, together with all such Supplemental Trust Agreements and all other agreements supplemental to said Trust Agreement 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 Bond Registrar for the 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 has previously issued six series of its Revenue Bonds, 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 (hereinafter mentioned) 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:

The 2005 Bonds maturing on or before January 1, 2015 may not be called for redemption prior to their stated maturity dates.

On and after January 1, 2015, the 2005 Bonds maturing on or after January 1, 2016 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, and if in part, as the Authority may direct, at par, plus interest accrued to the date fixed for redemption.

If less than all of the 2005 Bonds of any one maturity shall be called for redemption, the particular 2005 Bonds or portions of registered 2005 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 2005 Bonds, a notice of any such redemption will be mailed, first class, postage prepaid, to all registered owners of 2005 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 2005 Bonds or portions thereof called for redemption shall be due and payable at par, plus accrued interest to such date. If a portion of this bond shall be called for redemption, a new 2005 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.

Any notice of optional redemption of the 2005 Bonds may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the redemption price, consisting of par and the applicable redemption premium, if any, plus interest accrued and unpaid to the redemption date (the "Redemption Price"), and any conditional notice so given may be rescinded at any time to and including the redemption date if such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit with the Trustee to pay the Redemption Price, the corresponding notice of redemption shall be deemed to have been revoked *nunc pro tunc*.

If the Authority gives an unconditional notice of redemption, then on the redemption date the 2005 Bonds called for redemption will become due and payable at the Redemption Price. If the Authority gives a conditional notice of redemption and money to pay the Redemption Price of the affected 2005 Bonds shall have been set aside in escrow with the Trustee for the purpose of paying such 2005 Bonds, then on the redemption date the 2005 Bonds so called for redemption shall become due and payable. In either case, if on the redemption date the Trustee

holds money to pay the Redemption Price of the 2005 Bonds called for redemption, thereafter, no interest will accrue on those 2005 Bonds, and a Bondholder's right will be to receive payment of the Redemption Price upon surrender of its 2005 Bonds so called for redemption.

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 Chairperson, the Vice Chairperson 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 30th day of March, 2005.

Dr. Warren S. Wallace
Chairperson of The Delaware
River and Bay Authority

F. Michael Parkowski
Vice Chairperson of The Delaware
River and Bay Authority

(Seal)

Thomas A. Pankok
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

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at Wilmington Trust Company, Wilmington, Delaware.

The Insurer, in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to Wilmington Trust Company or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$180,215,000

The Delaware River and Bay Authority
Revenue Bonds, Refunding Series 2005

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer 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 U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall

disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

ASSIGNMENT

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

Please insert social security or
other identifying number of assignee

(Please Print or Typewrite Name and Address of Transferee)

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

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

Signature Guaranteed* by: _____

*Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Trustee which requirements will include membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Trustee in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.