

Resolution 05-2

SERIES RESOLUTION SUPPLEMENTING RESOLUTION 02-4 OF THE VIRGINIA PORT AUTHORITY AND AUTHORIZING THE ISSUANCE OF UP TO \$60,000,000 OF THE AUTHORITY'S COMMONWEALTH PORT FUND REVENUE BONDS (2002 RESOLUTION), SERIES 2005 AND RELATED MATTERS.

BE IT RESOLVED by the Board of Commissioners of Virginia Port Authority, as follows:

Section 1. Findings and Determinations.

(a) The Board of Commissioners (the "Board") of the Virginia Port Authority (the "Authority") has previously adopted Resolution 02-4 (the "Bond Resolution"), providing in Section 2.09 for the issuance of additional Series of Bonds (as defined therein) of the Authority for the purpose of providing funds, with other funds available therefor, (i) for completing payment of the cost of any Project for which Bonds shall have been previously issued pursuant to Section 2.08 or Section 2.09 of the Bond Resolution and (ii) for paying all or any portion of the cost of additional Projects.

(b) There has been presented to the Board a proposed Preliminary Official Statement describing such a Series of Bonds (the "Series 2005 Bonds"), the security therefor and the Authority (the "Preliminary Official Statement").

(c) There has been presented to the Board the form of a proposed Bond Purchase Agreement between the Underwriters (as hereinafter defined) and the Authority, by which the Underwriters would agree to purchase, and the Authority would agree to sell the Series 2005 Bonds (the "Bond Purchase Agreement").

(d) The Board has duly reviewed and considered the forms of the Preliminary Official Statement and the Bond Purchase Agreement and has determined that each is in acceptable form.

(e) The Board is prepared to delegate authority to negotiate the sale of the Series 2005 Bonds with a group of underwriters (the "Underwriters") provided that certain criteria are met.

(f) The issuance and sale of the Series 2005 Bonds on the terms contemplated by this Series Resolution are in conformity with the purpose of the Authority set forth in the Act and are in the public interest and otherwise beneficial to the Commonwealth of Virginia. Chapter 4, 2004 Acts of Assembly, specifically authorizes the Authority to issue the Series 2005 Bonds in an amount of up to \$60,000,000 for the 2005 Projects.

(g) Section 2.09 of the Bond Resolution contemplates that in this Series Resolution the Board will fix or provide for the aggregate principal amount of the Series 2005 Bonds, the maturity dates, the interest rates, the redemption provisions and other details thereof, and provide for the application of the proceeds of the Series 2005 Bonds.

(h) It is necessary to delegate the power to approve the sale of the Series 2005 Bonds and such details thereof as can only be determined under the actual prevailing market conditions when the Underwriters sell the Series 2005 Bonds as authorized by this Series Resolution, but subject to the parameters established hereby.

Section 2. Authorization of the Series Parameters. (a) Pursuant to Section 2.09 of the Bond Resolution, the Series 2005 Bonds, to be designated the “Virginia Port Authority Commonwealth Port Fund Revenue Bonds (2002 Resolution), Series 2005”, are hereby authorized to be issued for the purpose of providing funds, with other funds available therefor, (i) to finance or refinance all or any portion of the cost of the 2005 Projects and (ii) to pay all or a portion of the expenses incident to the issuance of the Series 2005 Bonds, subject, however, to the following parameters (the “Parameters”):

(i) The aggregate principal amount of the Series 2005 Bonds shall not exceed \$60,000,000;

(ii) The Series 2005 Bonds shall be Current Interest Bonds, dated a date that is on or before the date of their delivery, shall be Serial Bonds or a combination of Serial Bonds and Term Bonds, shall mature in such amounts on July 1 of such years not later than 2030, subject to the right of prior redemption in accordance with Section 3 hereof and in the case of any Term Bonds to mandatory sinking fund redemption with such Amortization Requirements, shall bear interest, payable on January 1 and July 1 in each year, commencing no later than January 1, 2006, at such rates per annum no one of which shall exceed six per cent (6%) per annum, all as may be fixed by the Executive Director or the Director of Finance of the Authority (the “Delegate”) and conclusively evidenced by his Officer’s Certificate to such effect (a “Certificate of Determination”).

(b) The Series 2005 Bonds will be issued in fully registered form and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York (“DTC”), and immobilized in the custody of or on behalf of DTC. One fully registered Bond for the original principal amount of each maturity will be registered to Cede & Co. Beneficial owners will not receive physical delivery of the Bonds. Individual purchases of the Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. Payments of the principal of and premium, if any, and interest of the Bonds will be made to DTC or its nominee as registered owner of the Bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee of DTC, is the registered owner of the Bonds, references in the Bond Resolution or this Series Resolution to the holders of the Bonds mean Cede & Co. do not mean the beneficial owners of the Bonds.

Replacement Bonds (the “Replacement Bonds”) will be issued directly to beneficial owners of the Bonds rather than to DTC, or its nominee, but only in the event that:

- (1) DTC determines not to continue to act as securities depository for the Bonds.
- (2) The Authority has advised DTC of its determination that DTC is incapable of discharging its duties; or
- (3) The Authority has determined that it is in the best interests of the beneficial owners of the Bonds not to continue the book-entry system of transfer.

Upon occurrence of the events described in clause (1) or (2), the Authority will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the Authority fails to locate another qualified securities depository to replace DTC, the Authority will execute and the Trustee will authenticate and deliver to the Participants the Replacement Bonds to which the Participants are entitled. In the event the Authority makes the determination described in clause (2) or (3) (the Authority undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination) and, in the case of the determination under clause (2), the Authority has failed to locate another qualified securities depository and has made provisions to notify the beneficial owners of the Bonds by mailing an appropriate notice to DTC, the Authority will execute and the Trustee will authenticate and deliver to the Participants (as defined in the Preliminary Official Statement hereinafter mentioned) the appropriate Replacement Bonds to which the Participants are entitled. The Trustee is entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds.

The Series 2005 Bonds will be issued substantially in the form set forth in Section 2.02 of Bond Resolution, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution and this Series Resolution. There may be endorsed on the Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirements of law.

(c) Pursuant to the Bond Resolution, the Authority hereby makes or confirms the appointments of SunTrust Bank as Paying Agent and Bond Registrar for the Series 2005 Bonds and as Depository of the Construction Fund.

Section 3. Optional Redemption. The Series 2005 Bonds shall be subject to the Authority’s right of prior redemption, from any moneys that may be available for such purpose, either in whole or in part, on any date prior to their maturity, the first such date to be no later than July 1, 2015, and at Redemption Prices no one of which shall exceed 102%, all as fixed by the Delegate.

Section 4. Terms of Purchase. Subject to the Parameters, the Delegate is hereby authorized, if the Authority’s Financial Advisor shall so recommend, to accept an offer of the Underwriters, in the form of the Bond Purchase Agreement, to purchase all of the Series 2005

Bonds at a purchase price of not less than ninety-eight percent (98%) of their aggregate initial reoffering prices, plus any accrued interest, and resulting in a true interest cost rate to the Authority not in excess of six percent (6%), upon the terms and conditions set forth in the Bond Purchase Agreement.

Section 5. Approval of Bond Purchase Agreement. The form of the Bond Purchase Agreement presented at this meeting relating to the sale of the Series 2005 Bonds to the Underwriters and the execution and delivery thereof by the Authority is hereby authorized, and if the Delegate shall accept the offer of the Underwriters, the Bond Purchase Agreement shall be executed in the manner therein set forth to evidence the acceptance by the Authority of such offer, with such changes, insertions and omissions as may be approved by the Delegate, the execution of the Bond Purchase Agreement by the Delegate to be conclusive evidence of his approval of any such changes, insertions and omissions.

Section 6. Approval of Official Statement. Subject to the approval of the Executive Director, the distribution of the Preliminary Official Statement by the Underwriters in connection with the offering of the Series 2005 Bonds, prior to the availability of the Official Statement, is hereby authorized. The Chairman or the Vice Chairman of the Board and the Executive Director of the Authority are hereby authorized and directed to execute and deliver a final Official Statement, which shall be in substantially the form of the Preliminary Official Statement approved this day by the Board, to the Underwriters for their use in making a public offering of the Series 2005 Bonds upon the terms set forth therein and in the Bond Purchase Agreement, with such changes, insertions and omissions as may be approved by the Chairman or Vice Chairman and the Executive Director, and the execution by the Chairman or Vice Chairman and the Executive Director of the Official Statement shall be conclusive evidence of any such approval.

Section 7. Approval of Continuing Disclosure Agreement. The Executive Director of the Authority is hereby authorized to execute and deliver a Continuing Disclosure Agreement to the Underwriters for the benefit of the holders of the Series 2005 Bonds, such Agreement to be in substantially the form presented to this meeting, with such changes, insertions and omissions as may be approved by the Executive Director, his execution of such Agreement to be conclusive evidence of any such changes, insertions and omissions.

Section 8. Execution of the Series Bonds. The Series 2005 Bonds shall be signed by or executed with the facsimile signature of the Executive Director and shall be signed by or executed with the facsimile signature of the Secretary of the Authority and the seal of the Authority shall be impressed or a facsimile of the seal of the Authority shall be imprinted on the Series 2005 Bonds, and the Series 2005 Bonds shall be authenticated by the Bond Registrar under the Bond Resolution, and shall be delivered to or for the account of the Underwriters upon receipt of the purchase price set forth in the Bond Purchase Agreement executed and delivered by the Delegate. The Bond Registrar is hereby authorized and directed to authenticate and deliver the Series 2005 Bonds as provided above.

Section 9. Application of Proceeds of the Series. The proceeds of the Series shall be deposited by the Trustee in the Construction Fund and applied to the cost of the 2005 Projects, including the costs of issuance of the Series 2005 Bonds.

Section 10. Tax Covenant. The Authority covenants that it will comply with the provisions of the Internal Revenue Code of 1986, as amended, so that interest on the Series 2005 Bonds will remain exempt from federal income taxes to which it is not subject on the date of the issuance of such Bonds.

Section 11. Insurance. The Delegate is hereby authorized (but not required) to accept a commitment, and pay the premium, for a municipal bond insurance policy from a municipal bond insurance company provided that the following criteria are met:

(i) As a result of the issuance of such municipal bond insurance policy, the Series 2005 Bonds so insured shall receive the highest rating from Moody's Investors Service, Inc. (Aaa), Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc. (AAA) and Fitch, Inc. (AAA);

(ii) The Authority's Financial Advisor shall certify that in its estimation the aggregate amount of debt service on the Series 2005 Bonds with the benefit of the municipal bond insurance policy and taking into account the payment of the premium therefor from the proceeds of the Series 2005 Bonds is less than would be the aggregate amount of debt service on the Series 2005 Bonds without the benefit of the municipal bond insurance policy; and

(iii) The additional covenants and representations required of the Authority by the municipal bond insurance company as a condition precedent to the issuance of its municipal bond insurance policy are not, in the judgment of the Delegate and the Financial Advisor to the Authority, being advised by staff and counsel to the Authority, onerous or otherwise contrary to the best interests of the Authority.

Section 12. Further Action. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may, in their discretion, deem necessary or useful in connection with the issuance of the Series 2005 Bonds, subject to and upon the advice of counsel.

Section 13. Limited Period of Delegation. The delegation in this Series Resolution to the Executive Director and the Director of Finance of the Authority shall remain valid through and including May 24, 2005.

Section 14. Other Definitions. All terms not otherwise defined herein shall have the meanings ascribed thereto by the Bond Resolution.

Section 15. Treasury Board Approval. The Authority requests the Treasury Board of the Commonwealth of Virginia to approve the terms and structure of the Series 2005 Bonds in accordance with the provisions of Section 2.2-2416.5 and 7, Code of Virginia of 1950, as

amended. Staff is authorized and directed to make application for such approval of the Treasury Board and to furnish such materials and do such things as may be required to obtain such approval.

Section 16. Effective Date. This Series Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

PASSED AND ADOPTED this 25th day of January, 2005.

E. Massie Valentine, Jr., Vice Chairman

Attest:

Debra J. McNulty, Clerk

\\FIN\227402.4