

Resolution 05-7

SERIES RESOLUTION SUPPLEMENTING RESOLUTION 02-4 OF THE VIRGINIA PORT AUTHORITY AND AUTHORIZING THE ISSUANCE OF UP TO \$25,000,000 OF THE AUTHORITY'S COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS (2002 RESOLUTION), SERIES 2006 AND RELATED MATTERS.

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

Section 1. Findings and Determinations.

(a) On May 17, 1988, the Board of Commissioners (the "Board") of the Virginia Port Authority (the "Authority") adopted its Resolution No. 88-7 (as amended and supplemented, the "1988 Resolution"). Pursuant to Section 2.09 of the 1988 Resolution and Series Resolution No. 96-5 adopted on September 24, 1996, the Authority has previously issued its \$38,300,000 Commonwealth Port Fund Revenue Bonds, Series 1996 ("Series 1996 Bonds"), of which \$28,420,000 aggregate principal amount is now outstanding, for the purpose of paying the costs of the 1996 Project. The Series 1996 Bonds and other Series of Bonds outstanding under the 1988 Resolution are the "1988 Resolution Bonds."

(b) On May 28, 2002, the Board adopted Resolution 02-4 (as amended and supplemented, the "2002 Resolution"), which provides in Section 2.10 for the issuance of additional Series of Bonds (as defined therein) by the Authority for the purpose of providing funds for refunding all or, if then permitted by law, any Bonds or 1988 Resolution Bonds then outstanding, including the payment of any redemption premium thereon and interest which will accrue on such bonds to the redemption date or stated maturity date or dates and any expenses in connection with such refunding. In the 2002 Resolution, the Authority covenanted that it would not issue additional Series of its Commonwealth Port Fund Bonds under the 1988 Resolution, but would thereafter issue such Bonds under the 2002 Resolution.

(c) The Board now desires to issue a Series of Bonds under the 2002 Resolution and this Series Resolution to refund all or a portion of the Series 1996 Bonds, to take advantage of current low interest rates. The Board has been advised by counsel that, under current federal income tax laws and regulations, Bonds issued to refund the Series 1996 Bonds cannot be issued more than 90 days prior to the first optional redemption date, which is July 1, 2006. However, staff presented to the Board at its January meeting a financing structure known as a "forward purchase contract," under which a group of underwriters (the "Underwriters") would agree this year to purchase the Authority's Bonds at a specified price, with delivery delayed until on or after April 4, 2006 (the "Series 2006 Bonds"). At its January meeting, pursuant to its Resolution No. 05-6, the Board authorized staff to continue evaluation of a forward purchase contract and to obtain Treasury Board approval of the issuance of the Series 2006 Bonds on such terms. Resolution No. 05-6 also contained certain Refunding Conditions, as defined therein.

(d) Pursuant to its Series Resolution No. 05-2, adopted on January 25, 2005, the Board approved the issuance of a Series of Bonds under the 2002 Resolution to provide funding for new projects (the “Series 2005 Bonds”).

(e) Staff has now advised the Board that the Authority has obtained Treasury Board approval of the Series 2006 Bonds, subject to the Refunding Conditions previously approved by the Board in its Resolution No. 05-6, as well as the Series 2005 Bonds.

(f) There has been presented to the Board (i) a proposed Preliminary Official Statement describing the Series 2005 Bonds and the Series 2006 Bonds, the security therefor and the Authority (the “Preliminary Official Statement”), (ii) the form of a proposed Bond Purchase Agreement between the Underwriters and the Authority, by which the Underwriters would agree to purchase, and the Authority would agree to sell the Series 2006 Bonds (the “Bond Purchase Agreement”), (iii) the form of a proposed Escrow Agreement to be entered into with an Escrow Agent, pursuant to which the Authority would purchase certain Defeasance Obligations as required by the 1988 Resolution to provide for defeasance of the refunded Series 1996 Bonds, and (iv) the form of a Continuing Disclosure Agreement (collectively, the “Refunding Documents”).

(g) The Board has duly reviewed and considered the forms of the Refunding Documents and has determined that each is in acceptable form.

(h) The issuance and sale of the Series 2006 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 912, Item 526A of the 1996 Acts of Assembly specifically authorized the Authority to issue the Series 1996 Bonds in an amount up to \$38,304,490 for the 1996 Project.

(i) Section 2.10 of the 2002 Resolution contemplates that in this Series Resolution the Board will fix or provide for the aggregate principal amount of the Series 2006 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 2006 Bonds.

(j) It is necessary to delegate the power to approve the sale of the Series 2006 Bonds and such details thereof as can only be determined under the actual prevailing market conditions when the Underwriters enter into the Bond Purchase Agreement for the Series 2006 Bonds as authorized by this Series Resolution, but subject to the conditions established hereby.

Section 2. Refunding Conditions. (a) Pursuant to Section 2.10 of the 2002 Resolution, the Series 2006 Bonds, to be designated the “Virginia Port Authority Commonwealth Port Fund Revenue Bonds (2002 Resolution), Series 2006”, are hereby authorized to be issued for the purpose of providing funds, with other funds available therefore, to refund all or any portion of the 1996 Bonds (the “Refunded Bonds”) and to pay costs of issuance of the Series 2006 Bonds, subject, however, to the Refunding Conditions as established by the Board in its Resolution No.

05-6 and approved by the Treasury Board, which Refunding Conditions are hereby affirmed by the Board.

(b) The Series 2006 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 2002 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 2006 Bonds will be issued substantially in the form set forth in Section 2.02 of the 2002 Resolution, with appropriate variations, omissions and insertions as permitted or required by the 2002 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) The Series 2006 Bonds shall be dated a date that is on or before the date of their delivery, shall be Serial Bonds or Term Bonds, shall mature on July 1 of such years not later than July 1, 2016, subject to the right of prior redemption in accordance with the guidelines set forth in Section 3 hereof, shall bear interest, payable on January 1 and July 1 in each year, commencing no later than January 1, 2007, at such rates per annum no one of which shall exceed six per cent (6%) per annum, all as may be fixed by the certificate of the Executive Director.

(d) Pursuant to the 2002 Resolution, the Authority hereby makes or confirms the appointments of SunTrust Bank as Paying Agent and Bond Registrar for the Series 2006 Bonds and as Escrow Agent for the Refunded Bonds.

(e) The Executive Director is authorized to obtain the services of a firm qualified under the 1988 Resolution to verify the mathematical computations associated with the refunding of the Series 1996 Bonds, including its provision of an independent confirmation of the sufficiency and yield of the Defeasance Obligations deposited in the Escrow Fund created under the Escrow Agreement.

Section 3. Terms of Purchase. Subject to the Refunding Conditions, the Executive Director 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 2006 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 4. 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 2006 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, in substantially the form of the Preliminary Official Statement approved this day by the Board including any amendments or supplements thereto to the Underwriters for their use in making a public offering of the Series 2006 Bonds upon the terms set forth therein and in the Bond Purchase Agreement, with such further changes, insertions and omissions as may be approved by the Chairman or Vice Chairman and the Executive Director (whether now or upon issuance of the Series 2006 Bonds on or after April 4, 2006), 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 5. Approval of Other Refunding Documents. The Executive Director of the Authority is hereby authorized to execute and deliver the other Refunding Documents, such Documents to be in substantially the form presented to this meeting, with such changes,

insertions and omissions as may be approved by the Executive Director, and his execution of such Documents to be conclusive evidence of such approval.

Section 6. Execution of the Bonds. The Series 2006 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 2006 Bonds, and the Series 2006 Bonds shall be authenticated by the Bond Registrar under the 2002 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 Executive Director. The Bond Registrar is hereby authorized and directed to authenticate and deliver the Series 2006 Bonds as provided above.

Section 7. Application of Proceeds of the Series. (a) The proceeds of the Series shall be transferred by the Trustee to the Escrow Agent for deposit, together with other available funds, in the Escrow Fund and applied by the Escrow Agent as required by the Escrow Agreement or used by the Authority for costs of issuance of the Series 2006 Bonds.

(b) Simultaneously with the application of the proceeds of the Series 2006 Bonds as provided above, the Trustee shall take the following actions:

(i) the amount deposited to the credit of the Bond Service Account in the Sinking Fund in respect of the principal and interest payment due on July 1, 2006, on the Refunding Bonds shall be withdrawn and deposited to the credit of the Escrow Fund; and

(ii) the amount held in the Debt Service Reserve Account for the Refunded Bonds shall be withdrawn and deposited in the Escrow Fund.

Section 8. Defeasance. The Executive Director is authorized to execute and deliver the Escrow Agreement and to purchase Defeasance Obligations to be held thereunder on any date (which need not be the same date in each case) between the dated date of the Bond Purchase Agreement and the delivery date of the Series 2006 Bonds.

Section 9. 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 2006 Bonds and the Refunded Bonds will remain exempt from federal income taxes to which it is not otherwise subject on the date of the issuance of the Series 2006 Bonds.

Section 10. Insurance. The Executive Director 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 2006 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 2006 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 2006 Bonds is less than would be the aggregate amount of debt service on the Series 2006 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 Executive Director 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 11. 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 2006 Bonds, subject to and upon the advice of counsel.

Section 12. 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 September 27, 2005.

Section 13. Other Definitions. All terms not otherwise defined herein shall have the meanings ascribed thereto by the 2002 Resolution or Resolution No. 05-6.

Section 14. Effective Date. This Series Resolution shall take effect immediately upon its adoption. Except as specifically amended by this Resolution, Resolution No. 05-6 remains in full force and effect and is incorporated herein by reference.

[END OF RESOLUTION]

PASSED AND ADOPTED this ____th day of _____, 2005.

John G. Milliken, Chairman

Attest:

Debra J. McNulty, Clerk

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