

**AMENDED AND RESTATED MASTER TRUST INDENTURE**

**between**

**VIRGINIA RESOURCES AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

**Dated as of April 1, 2010**

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**VIRGINIA WATER FACILITIES REVOLVING FUND PROGRAM**

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This **AMENDED AND RESTATED MASTER TRUST INDENTURE** (this "Master Indenture") is made as of April 1, 2010, between the **VIRGINIA RESOURCES AUTHORITY**, a public body corporate and a political subdivision of the Commonwealth of Virginia ("VRA"), and **U.S. BANK NATIONAL ASSOCIATION**, a national banking association with a corporate trust office in Richmond, Virginia, and its successors, as trustee (the "Trustee"), and amends and restates in its entirety the Subordinate Financing Trust Indenture dated as of June 1, 2005 (the "2005 Master Indenture" and, as previously supplemented and amended, the "2005 Indenture"), between VRA and the Trustee (as successor trustee to SunTrust Bank).

## RECITALS

A. VRA was duly created pursuant to the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended (the "VRA Act"), for the purposes of encouraging the investment of both public and private funds and making such funds available to local governments to finance, among other things, sewage and wastewater (including surface and ground water) collection, treatment and disposal facilities, drainage facilities and projects, and certain other related facilities and assets ("Sewer Projects").

B. The VRA Act also established a Board of Directors of VRA to serve as the governing body of VRA and to exercise all powers, rights and duties conferred upon VRA by the VRA Act or other provisions of law.

C. Pursuant to Chapter 22, Title 62.1, Code of Virginia of 1950, as amended (the "VWFRF Act"), the General Assembly of Virginia set apart as a permanent and perpetual fund, to be known as the "Virginia Water Facilities Revolving Fund," (i) sums appropriated to the Virginia Water Facilities Revolving Fund by the General Assembly, (ii) sums allocated to the Commonwealth of Virginia expressly for the purpose of establishing a revolving fund concept through the Federal Clean Water Act, 33 U.S.C. §1251 et seq., as amended, (iii) all receipts by the Virginia Water Facilities Revolving Fund from loans made by it to local governments, (iv) all income from the investment of moneys held in the Virginia Water Facilities Revolving Fund, and (v) any other sums designated for deposit in the Virginia Water Facilities Revolving Fund from any source public or private.

D. The VWFRF Act directs VRA to administer and manage the Virginia Water Facilities Revolving Fund as prescribed by the VWFRF Act, subject to the right of the State Water Control Board, following consultation with VRA, to direct the distribution of funds from the Virginia Water Facilities Revolving Fund to particular local governments and to establish the interest rates and repayment terms as provided in the VWFRF Act.

E. By virtue of the VRA Act, VRA is authorized and empowered, among other things,

(a) to borrow money and issue its bonds in amounts VRA determines to be necessary or convenient to provide funds to carry out its purposes and powers and to pay all costs and expenses incurred in connection with the issuance of bonds,

(b) whenever VRA deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured,

(c) to secure bonds issued by VRA by a pledge of any local obligation owned by VRA, any grant, contribution or guaranty from the United States of America, the Commonwealth of Virginia or any corporation, association, institution or person, any other property or assets of or under the control of VRA, or a pledge of any money, income or revenue of VRA from any source,

(d) to enter into a trust indenture pursuant to which VRA may issue bonds, and the trust indenture may contain provisions, which shall be part of the contract or contracts with the holders of such bonds as to, among other things, the establishment of reserves, sinking funds and other funds and accounts and the regulation and disposition thereof, and

(e) with any funds of VRA available for such a purpose, to purchase and acquire local obligations to finance and refinance the cost of any Sewer Project.

F. By virtue of the VWFRF Act, VRA may, among other things, transfer at any time or from time to time from the Virginia Water Facilities Revolving Fund to banks or trust companies designated by VRA any or all of the assets of the Virginia Water Facilities Revolving Fund to be held in trust as security for the payment of the principal of and premium, if any, and interest on any or all of the bonds of VRA.

G. The VWFRF Act also authorizes VRA to invest or reinvest in obligations which are considered lawful investments for public funds under Virginia law any money in the Virginia Water Facilities Revolving Fund not needed for immediate use or disbursement.

H. VRA entered into a Master Indenture of Trust dated as of October 15, 1999 (the "1999 Master Indenture" and, as previously supplemented and amended, the "1999 Indenture"), between VRA and U.S. Bank National Association (as successor to Crestar Bank and SunTrust Bank), as trustee (the "1999 Indenture Trustee"), pursuant to which VRA from time to time issued bonds ("1999 Indenture Bonds") for the purpose of purchasing and acquiring local obligations to finance or refinance the cost of Sewer Projects, and for such other purposes as authorized under and pursuant to the VRA and VWFRF Acts.

I. VRA issued the first series of 1999 Indenture Bonds under the 1999 Indenture as its Clean Water State Revolving Fund Revenue Bonds, Series 1999, in the original aggregate principal amount of \$111,645,000 (the "Series 1999 Bonds"). VRA used the proceeds of the Series 1999 Bonds (i) to purchase local obligations issued by local governments within the Commonwealth of Virginia to finance or refinance qualified Sewer Projects at below-market interest rates (the "1999 Local Bonds") and (ii) to pay the costs of issuance related to the Series 1999 Bonds.

J. VRA issued the second series of 1999 Indenture Bonds under the 1999 Indenture as its Clean Water State Revolving Fund Revenue Bonds, Series 2000, in the original aggregate principal amount of \$106,685,000 (the "Series 2000 Bonds"). VRA used the proceeds of the Series 2000 Bonds (i) to purchase local obligations issued by local governments within the

Commonwealth of Virginia to finance or refinance qualified Sewer Projects at below-market interest rates (the "2000 Local Bonds") and (ii) to pay the costs of issuance related to the Series 2000 Bonds.

K. VRA issued the third series of 1999 Indenture Bonds under the 1999 Indenture as its Clean Water State Revolving Fund Revenue Bonds, Series 2004, in the original aggregate principal amount of \$160,800,000 (the "Series 2004 Bonds"). VRA used the proceeds of the Series 2004 Bonds (i) to purchase local obligations issued by local governments within the Commonwealth of Virginia to finance or refinance qualified Sewer Projects at below-market interest rates (the "2004 Local Bonds" and together with the 1999 Local Bonds and the 2000 Local Bonds, the "1999 Indenture Local Bonds") and (ii) to pay the costs of issuance related to the Series 2004 Bonds.

L. The Board of Directors of VRA determined that it was in the best interests of VRA and the Commonwealth of Virginia to enter into the 2005 Indenture to provide for the issuance from time to time of bonds of VRA (as more particularly defined below, the "Bonds") for such purposes as may be authorized under and pursuant to the VRA and VWFRF Acts, including the refunding of 1999 Indenture Bonds and Bonds.

M. The 2005 Indenture and the Bonds were "subordinate" to the 1999 Indenture and the 1999 Indenture Bonds because, among other things, any amounts on deposit in or transferred to the General Reserve Fund established under the 1999 Indenture had to be used to cure defaults or deficiencies with respect to the 1999 Indenture Bonds and certain funds or accounts established pursuant to the 1999 Indenture before such amounts could be transferred to the Trustee to pay the principal of or interest on the Bonds or for any other purpose under the 2005 Indenture.

N. On June 30, 2005, VRA issued as the first series of Bonds under the 2005 Indenture its Clean Water State Revolving Fund Refunding Revenue Bonds, Subordinate Series 2005 (the "2005 Bonds"), in the original aggregate principal amount of \$188,475,000, pursuant to a First Subordinate Series Supplemental Trust Indenture, dated as of June 1, 2005, between VRA and the Trustee, as amended (the "First Supplement"). VRA applied the net proceeds of the 2005 Bonds to refund, defease, and redeem the outstanding Series 1999 Bonds and the Series 2000 Bonds.

O. On May 3, 2007, VRA issued as the second series of Bonds under the 2005 Indenture its Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2007 (the "2007 Bonds"), in the original aggregate principal amount of \$244,155,000, pursuant to a Second Subordinate Series Supplemental Trust Indenture, dated as of May 1, 2007, between VRA and the Trustee, as amended (the "Second Supplement"). VRA applied the net proceeds of the 2007 Bonds to purchase and acquire local obligations issued by local governments within the Commonwealth of Virginia to finance or refinance qualified Sewer Projects at below-market interest rates (the "2007 Local Bonds") and to pay the costs of issuance of the 2007 Bonds.

P. On August 14, 2008, VRA issued as the third series of Bonds under the 2005 Indenture its Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2008 (the "2008 Bonds"), in the original aggregate principal amount of \$181,280,000, pursuant to a Third

Subordinate Series Supplemental Trust Indenture, dated as of July 1, 2008, between VRA and the Trustee, as amended (the "Third Supplement"). VRA applied the net proceeds of the 2008 Bonds to purchase and acquire local obligations issued by local governments within the Commonwealth of Virginia to finance or refinance qualified Sewer Projects at below-market interest rates (the "2008 Local Bonds") and to pay the costs of issuance of the 2008 Bonds.

Q. On April 15, 2009, VRA issued as the fourth series of Bonds its Clean Water State Revolving Fund Revenue Bonds, Subordinate Series 2009 (the "2009 Bonds" and together with the 2005 Bonds, the 2007 Bonds, and the 2008 Bonds, the "Existing Parity Bonds"), in the original aggregate principal amount of \$178,320,000, pursuant to a Fourth Subordinate Series Supplemental Trust Indenture, dated as of April 1, 2009, between VRA and the Trustee (the "Fourth Supplement" and together with the First Supplement, the Second Supplement, and the Third Supplement, the "Existing Supplements"). VRA applied the net proceeds of the 2009 Bonds to purchase and acquire local obligations issued by local governments within the Commonwealth of Virginia to finance or refinance qualified Sewer Projects at below-market interest rates (the "2009 Local Bonds" and together with the 1999 Local Bonds, the 2000 Local Bonds, the 2004 Local Bonds, the 2007 Local Bonds, and the 2008 Local Bonds, the "Existing Local Bonds") and to pay the costs of issuance of the 2009 Bonds.

R. VRA now desires to enter into this Master Indenture and a First Supplemental Series Trust Indenture dated the date hereof, between VRA and the Trustee, in order to (i) issue a Series of Bonds (the "2010 Bonds") to refund, defease, and redeem the outstanding Series 2004 Bonds, which are the only bonds outstanding under the 1999 Indenture, (ii) defease the 1999 Indenture, (iii) pledge the sources of security for the 1999 Indenture Bonds, including the 1999 Local Bonds, the 2000 Local Bonds, the 2004 Local Bonds, and the Direct Loans (as defined below), directly to the payment of the Existing Parity Bonds, the 2010 Bonds, and all other Bonds to be issued under this Master Indenture, (iv) provide for the issuance of State Match Bonds (as defined below), and (v) amend and restate the 2005 Indenture in its entirety.

S. This Master Indenture is entered into pursuant to Section 16.1(j) of the 2005 Master Indenture, which permits VRA and the Trustee to enter into Supplemental Indentures to make changes to insert any provision into or delete or amend any provision of the 2005 Master Indenture or any Supplemental Series Indenture provided that such insertion, deletion or amendment (i) is permitted by the Clean Water Act and the Act and (ii) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Rating Agency.

**NOW, THEREFORE,** VRA hereby covenants and agrees with the Trustee and with the Owners, from time to time, of the Bonds, as follows:

## **ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION**

**Section 1.1 Definitions.** The words and terms defined in the Recitals of this Master Indenture shall have the meanings given them in the Recitals when used in this Master Indenture, and the following words and terms shall have the following meanings when used in this Master Indenture, unless the context requires otherwise:

**"Account"** means any account established pursuant to the terms of this Master Indenture.

**"Act"** means the VRA Act and the VWFRF Act, collectively.

**"Amortization Requirement,"** as applied to any Term Bonds of any maturity for any Bond Year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, the Related Supplemental Series Indenture for the retirement of such Term Bonds by mandatory purchase or redemption on the Principal Payment Date or Dates established by such Supplemental Series Indenture.

**"Bond"** or **"Bonds"** means the Existing Parity Bonds and any or all of bonds, notes, debentures, interim certificates or any other evidences of indebtedness of VRA issued pursuant to Article V, except for Subordinate Debt.

**"Bond Counsel"** means (i) McGuireWoods LLP or (ii) other counsel selected by VRA which is nationally recognized as experienced in matters relating to obligations issued or incurred by states and their political subdivisions.

**"Bond Credit Facility"** means a line of credit, letter of credit, standby bond purchase agreement, municipal bond insurance or similar credit enhancement or liquidity facility established to provide credit or liquidity support for all or any portion of a Series of Bonds as provided in the Related Supplemental Series Indenture or other Supplemental Indenture.

**"Bond Credit Provider"** means, as to all or any portion of a Series of Bonds, the Person providing a Bond Credit Facility, as designated in the Related Supplemental Series Indenture or other Supplemental Indenture in respect of such Bonds.

**"Bond Year"** means the twelve (12) month period ending October 1.

**"Business Day"** means any Monday, Tuesday, Wednesday, Thursday or Friday on which commercial banking institutions generally are open for business in New York and Virginia.

**"Clean Water Act"** means 33 U.S.C. §1251 et seq., as amended.

**"Clean Water Administrative Expenses"** means the direct and indirect expenses of DEQ and VRA of carrying out and administering their powers, duties and functions associated with the Virginia Water Facilities Revolving Fund Program, as authorized by the Act and the Clean Water Act.

**"Code"** means the Internal Revenue Code of 1986, as amended, as in effect upon the issuance of and thereafter applicable to any Series of Bonds and the regulations of the U.S. Department of the Treasury promulgated thereunder as in effect upon the issuance of and thereafter applicable to any Series of Bonds.

**"Commonwealth"** means the Commonwealth of Virginia.

**"Costs of Issuance"** means expenses incurred in issuing a Series of Bonds, including the costs of providing a Bond Credit Facility for any or all of the Bond of such Series.

**"Costs of Issuance Fund"** means the Costs of Issuance Fund established under Section 7.1 below.

**"Custodian"** means a bank or trust company that is (i) organized and existing under the laws of the United States or any of its states and (ii) acceptable to the Trustee.

**"Debt Service Fund"** means the Debt Service Fund established under Section 7.1 below.

**"Defeasance Obligations"** means noncallable (i) Government Obligations, (ii) Government Certificates, (iii) Defeased Municipal Obligations, and (iv) Defeased Municipal Obligation Certificates.

**"Defeased Municipal Obligation Certificate"** means evidence of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a Custodian.

**"Defeased Municipal Obligations"** means obligations of the Commonwealth or any county, city, town, district, authority, agency, political subdivision or other public body of the Commonwealth, which are rated in the highest rating category by any Rating Agency, provision for the payment of the principal of and interest on which has been made by the deposit with a trustee or escrow agent of Government Obligations or Government Certificates, the maturing principal of and interest on which, when due and payable, will provide sufficient money to pay the principal of, redemption premium, if any, and interest on such obligations.

**"DEQ"** means the Virginia Department of Environmental Quality or any successor entity which may succeed to its rights and duties respecting the Virginia Water Facilities Revolving Fund.

**"Determination Date"** means (i) the tenth day after each Interest Payment Date or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date set forth in a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

**"Direct Loan(s)"** means loans by VRA to a Local Government pursuant to the VWFRF Act, which loans are made solely from the Virginia Water Facilities Revolving Fund and not from the proceeds of Bonds.

**"Direct Loan Interest Payments"** shall mean the component of the Direct Loan Payments that represents interest payments made on the Direct Loans.

**"Direct Loan Payments"** means the amounts received by VRA from each Local Government under its Direct Loans and transferred by VRA to the Trustee on each March 1 and September 1.

**"Escrow Fund"** means any Escrow Fund relating to a Series of Refunding Bonds that may be established pursuant to a Supplemental Series Indenture.

**"Event of Default"** means any of the events enumerated in Section 14.1 below.

**"Fund"** means any fund established pursuant to the terms of this Master Indenture or any Supplemental Indenture.

**"Government Certificates"** means certificates representing ownership of United States Treasury bond principal at maturity or interest coupons for accrued periods, which bonds or coupons are held in the capacity of custodian by a Custodian that is independent of the seller of such certificates.

**"Government Obligations"** means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

**"Indebtedness"** means Bonds and Other Indebtedness.

**"Interest Payment Date"** means an April 1 or October 1, as the case may be; provided, however, that "Interest Payment Date" may mean, if so provided in a Supplemental Indenture, such other date or dates provided therein or permitted thereby.

**"Interest Requirement"** for any Interest Payment Date, as applied to all of the Bonds Outstanding or any portion thereof, means the total of the interest regularly scheduled to become due on such Bonds on such Interest Payment Date. Interest expense shall be excluded from the definition of Interest Requirement to the extent that proceeds of any Bonds are held by the Trustee to pay such interest. Unless VRA shall otherwise provide in a Supplemental Indenture, interest expense on Bond Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of an Interest Requirement.

**"Local Bond(s)"** means the Existing Local Bonds and any bonds issued by any Local Government and acquired by the VRA or the Trustee, which acquisition is financed with the proceeds of Bonds.

**"Local Bond Payments"** means the amounts payable by each Local Government under its Local Bonds.

**"Local Government"** means any "local government" (as defined in Section 62.1-199 of the VRA Act).

**"Master Indenture"** means this Amended and Restated Master Trust Indenture dated as of April 1, 2010, between VRA and the Trustee, as it may be amended or supplemented from time to time by any Supplemental Series Indentures and other Supplemental Indentures.

**"Minimum Balance"** means the minimum amount specified in a Supplemental Indenture with respect to the Reserve Fund, which amount, if applied as the amount producing

the revenues described in clause (a)(3) and (4) and as the clause (b)(1) amount in the definition of Projected Coverage Certificate, assuming all other amounts are fixed, would for the then-current and all future Bond Years result in Revenue Coverage being equal at least to the Required Coverage Percentage.

**"Net Revenues"** means the Revenues less the Clean Water Administrative Expenses and any Rebate Amounts required or authorized to be paid therefrom.

**"Officer's Certificate"** means a certificate signed by a VRA Representative and filed with the Trustee.

**"Opinion of Counsel"** means a written opinion of any attorney or firm of attorneys, acceptable to the Trustee, who may be Bond Counsel or counsel for VRA or the Trustee.

**"Optional Tender Bonds"** means any Bonds issued under this Master Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to VRA, or to the Trustee, any Paying Agent or other fiduciary for such owners, or to an agent of any of the foregoing, all or a portion of such Bonds for payment or purchase.

**"Other Indebtedness"** means all indebtedness of VRA for borrowed money incurred pursuant to this Master Indenture other than the Bonds and Subordinate Debt. Unless VRA shall otherwise provide in a Supplemental Indenture, obligations to reimburse Bond Credit Providers for amounts drawn under Bond Credit Facilities to pay the Purchase Price of Optional Tender Bonds shall constitute Other Indebtedness to the extent such obligations exceed the Principal and Interest Requirements on the Bonds held by or pledged to or for the account of a Bond Credit Provider that shall have paid the Purchase Price of Optional Tender Bonds.

**"Outstanding"** when used in reference to the Bonds, means as of a particular date, all Bonds authenticated and delivered under this Master Indenture except:

(a) Any Bond canceled or required to be canceled by the Trustee at or before such date;

(b) Any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered under this Master Indenture;

(c) Any Bond deemed paid under Article XIII except that any such Bond shall be considered Outstanding until its maturity or redemption date only for the purpose of actually being paid and for purposes of Articles III and IV and Section 6.1 (or the corresponding provisions of the Related Supplemental Series Indenture, as the case may be); and

(d) Any Bond not deemed Outstanding under, but only to the extent provided for in, Section 16.2 below.

**"Owner"** means the registered owner of any Bond.

**"Paying Agent or Paying Agents"** means any paying agent(s) for the Bonds (which may include the Trustee) and any successor or successors as paying agent(s) appointed pursuant

to this Master Indenture or the provisions of any Supplemental Indenture. Unless otherwise provided in a Supplemental Indenture, the Trustee shall be the Paying Agent.

**"Payment Date"** means a date that is an Interest Payment Date or a Principal Payment Date or both.

**"Person"** means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

The word **"principal"** means the principal amount of any Bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

**"Principal and Interest Requirements"** for any Payment Date or for any period means the sum of the Principal Requirements and the Interest Requirements for such date or such period, respectively.

**"Principal Payment Date"** means an October 1 upon which the principal amount of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of an Amortization Requirement or such other date or dates as may be provided by a Supplemental Series Indenture.

**"Principal Requirement"** means for any Principal Payment Date, as applied to all Bonds or a portion thereof, the total of the principal regularly scheduled to become due on such Principal Payment Date. Principal payments shall be excluded from the definition of Principal Requirement to the extent that proceeds of any Bonds are held by the Trustee to pay such Principal. Unless VRA shall otherwise provide in a Supplemental Indenture, principal payments on Bond Credit Facilities drawn upon to purchase but not to retire Bonds, to the extent such principal exceeds the principal otherwise payable on such Bonds, shall not be included in the determination of a Principal Requirement.

**"Projected Coverage Certificate"** means an Officer's Certificate setting forth, as of any particular date:

(a) A schedule projecting the Net Revenues to be derived from the following sources of Revenues to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the Bonds to be Outstanding in each such Bond Year:

(1) Any proceeds of a Series of Bonds deposited with the Trustee for the payment of accrued interest;

(2) Income receivable from the investment of amounts from time to time held in the Reserve Fund;

(3) Amounts scheduled to be released from the Reserve Fund as a result of the payment at maturity or pursuant to the Amortization Requirements of the Bonds Outstanding and, if applicable, then to be issued; and

(4) Any other revenues identified as Revenues in the Projected Coverage Certificate and in a Supplemental Indenture, if there is filed with the Trustee written confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(b) A schedule projecting the following amounts to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the Bonds to be Outstanding in each such Bond Year:

(1) Amounts, if any, which are or will be on deposit in the Reserve Fund; and

(2) Any other amounts identified in the Projected Coverage Certificate and in a Supplemental Indenture as Fund or Account balances available for the payment of the Principal and Interest Requirements of the Bonds, if there is filed with the Trustee written confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(c) A schedule of the Principal and Interest Requirements scheduled to become due and payable on each Payment Date in the then-current and each future Bond Year with respect to all Bonds to be Outstanding in each such Bond Year (including, if applicable, Bonds to be issued on the date of the Projected Coverage Certificate.

(d) The percentage obtained by dividing the sum of estimated Net Revenues set forth in clause (a) for each of the then-current and future Bond Years by the scheduled Principal and Interest Requirements set forth in clause (c) for the same Bond Year ("Revenue Coverage").

In projecting the foregoing, VRA (i) may assume that Revenues set forth in clause (a) that are scheduled to be retained in the Revenue Fund pursuant to paragraph "FIFTH" in Section 9.1(a) below shall be reflected as Revenues only with respect to the Payment Dates on which the Trustee is to be directed to apply such retained amounts; and (ii) shall apply the provisions of Section 5.4 in preparing a Projected Coverage Certificate if any of the Bonds to be covered thereby are Optional Tender Bonds and/or Variable Rate Bonds.

**"Projected State Match Coverage Certificate"** means an Officer's Certificate setting forth, as of any particular date:

(a) A schedule projecting the Net Revenues to be derived from the following sources of Revenues to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the State Match Bonds to be Outstanding in each such Bond Year:

(1) Direct Loan Interest Payments;

(2) Income receivable from the investment of amounts from time to time held in the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund; and

(3) Any other revenues identified as Revenues in the Projected State Match Coverage Certificate and in a Supplemental Indenture, if there is filed with the Trustee written confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(b) A schedule projecting the following amounts to be available in the then-current and each future Bond Year for the payment of the Principal and Interest Requirements of the State Match Bonds to be Outstanding in each such Bond Year:

(1) Amounts, if any, which are or will be on deposit in the State Match Reserve Fund; and

(2) Any other amounts identified in the Projected State Match Coverage Certificate and in a Supplemental Indenture as Fund or Account balances available for the payment of the Principal and Interest Requirements of the State Match Bonds, if there is filed with the Trustee written confirmation from each Rating Agency that the inclusion thereof will not result in the withdrawal or reduction of its then-current rating on any of the Bonds Outstanding.

(c) A schedule of the Principal and Interest Requirements scheduled to become due and payable on each Payment Date in the then-current and each future Bond Year with respect to all State Match Bonds to be Outstanding in each such Bond Year (including, if applicable, State Match Bonds to be issued on the date of the Projected State Match Coverage Certificate).

(d) The percentage obtained by dividing the sum of estimated Net Revenues set forth in clause (a) for each of the then-current and future Bond Years by the scheduled Principal and Interest Requirements set forth in clause (c) for the same Bond Year ("State Match Revenue Coverage").

In projecting the foregoing, VRA may assume that Revenues set forth in clause (a) that are scheduled to be retained in the State Match Revenue Fund shall be reflected as Revenues only with respect to the Payment Dates on which the Trustee is to be directed to apply such retained amounts.

**"Purchase Price"** means the purchase price established in any Supplemental Series Indenture for Optional Tender Bonds as the purchase price to be paid for such Bonds upon an optional or mandatory tender of all or a portion of such Bonds.

**"Rating Agency"** means, with respect to each Series of Bonds, any nationally recognized credit rating agency specified in the Related Supplemental Series Indenture, so long as such rating agency, at the request of VRA, rates such Bonds.

**"Rebate Amount,"** with respect to each Series of Bonds, shall have the meaning ascribed to such term in the Related Tax Regulatory Agreement.

**"Rebate Fund"** means the Rebate Fund established under Section 7.1 below.

**"Refunding Bonds"** shall have the meaning set forth in Section 5.3 below.

**"Reimbursement Fund"** means the Reimbursement Fund relating to a Series of Bonds that may be established by a Supplemental Indenture.

**"Reimbursement Obligations"** means any reimbursement or payment obligations of VRA for which moneys in the Reimbursement Fund are pledged or payable pursuant to the provisions of this Master Indenture or any Supplemental Indenture.

**"Related"** as the context may require, means (i) when used with respect to any Fund, or Account or subaccount within any such Fund, the Fund, Account or subaccount so designated and established by the Related Supplemental Series Indenture authorizing a particular Series of Bonds, (ii) when used with respect to a Series of Bonds or a Supplemental Series Indenture, the particular Series of Bonds authorized by a Supplemental Series Indenture or the Supplemental Series Indenture authorizing a particular Series of Bonds, and (iii) when used with respect to a Bond Credit Facility or Reimbursement Obligation, the Bond Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith.

**"Required Coverage Percentage"** means 110% or such higher percentage as may be specified in a Supplemental Series Indenture.

**"Required State Match Coverage Percentage"** means 110% or such higher percentage as may be specified in a Supplemental Series Indenture.

**"Residual Fund"** means the Residual Fund established pursuant to Section 7.1 below.

**"Reserve Determination Date"** means (i) the tenth day after each Interest Payment Date, or, if such day is not a Business Day, on the first Business Day thereafter or (ii) any other date set forth in a Supplemental Series Indenture or an Officer's Certificate for the valuation of the Reserve Fund.

**"Reserve Fund"** means the Reserve Fund established under Section 7.1 below.

**"Revenues"** means (i) Local Bond Payments, (ii) Direct Loan Payments, (iii) any proceeds of any Series of Bonds originally deposited with the Trustee for the payment of accrued interest thereon, (iv) investment earnings on amounts in the Revenue Fund, the Debt Service Fund, the Reserve Fund, the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund (v) amounts released from the Reserve Fund and the State Match Funds as a result of the payment at maturity, refunding, redemption or defeasance of Bonds or State Match Bonds, as appropriate; and (vi) any or all other revenues that may be identified as Revenues pursuant to a Supplemental Indenture.

**"Revenue Coverage"** shall have the meaning assigned to it in the definition of Projected Coverage Certificate.

**"Revenue Fund"** means the Revenue Fund established under Section 7.1 below.

**"Series"** means all of the Bonds of a particular Series authenticated and delivered pursuant to this Master Indenture and the Related Supplemental Series Indenture and identified as such pursuant to such Supplemental Series Indenture, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to this Master Indenture and such Supplemental Series Indenture, regardless of variations in maturity, interest rate, sinking fund installments or other provisions.

**"Serial Bonds"** means the Bonds of a Series that are stated to mature in semiannual or annual installments and that are so designated in the Related Supplemental Series Indenture.

**"State Match Bonds"** means any Bonds issued pursuant to Articles V and VIII and designated by VRA as State Match Bonds in a Supplemental Series Indenture.

**"State Match Debt Service Fund"** means the State Match Debt Service Fund established pursuant to Article VIII.

**"State Match Reserve Fund"** means the State Match Reserve Fund established pursuant to Article VIII.

**"State Match Reserve Fund Minimum Balance"** means the minimum amount, if any, required to be held in the State Match Reserve Fund and established in a Supplemental Indenture or in a written direction by a VRA Representative supported by an Officer's Certificate.

**"State Match Revenue Fund"** means the State Match Revenue Fund established pursuant to Article VIII.

**"Subordinate Debt"** means bonds, notes or other evidences of indebtedness of VRA, secured by a pledge of Net Revenues expressly made subordinate to the pledge of such Net Revenues securing the Bonds of any and all Series.

**"Supplemental Indenture"** means the Existing Supplements, the provisions of which are incorporated by reference herein to the extent that such provisions are not inconsistent with the provisions hereof (the provisions hereof supersede the provisions of the Existing Supplements to the extent of any inconsistency or conflict), and any indenture supplementary to or amendatory of this Master Indenture or any Supplemental Indenture or Supplemental Series Indenture now or hereafter duly executed and delivered in accordance with the provisions of this Master Indenture, including a Supplemental Series Indenture.

**"Supplemental Series Indenture"** means a Supplemental Indenture providing for the issuance of a Series of Bonds, as such Supplemental Indenture may be amended and supplemented in accordance with the provisions of this Master Indenture.

**"Tax Regulatory Agreement"** means, with respect to any Series of Bonds, the Tax Regulatory Agreement, dated the date of the issuance of the Series of Bonds, between VRA and the Trustee, as the same may be amended or supplemented.

**"Term Bonds"** means all or some of the Bonds of a Series, other than Serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Related Supplemental Series Indenture.

**"Trustee"** means SunTrust Bank, and its successors serving in the same capacity under this Master Indenture.

**"Variable Rate Bonds"** means any Bonds the interest rate on which is not established at the time such Bonds are issued, at a single numerical rate for the entire term of the Bonds.

**"Virginia Water Facilities Revolving Fund"** means the water pollution control revolving fund established by the Commonwealth pursuant to the VWFRF Act.

**"VRA"** means the Virginia Resources Authority, a public body corporate and a political subdivision of the Commonwealth of Virginia.

**"VRA Act"** means the Virginia Resources Authority Act, Chapter 21, Title 62.1, Code of Virginia of 1950, as amended.

**"VRA Representative"** means any of the Chairman, Vice Chairman or Executive Director of VRA and any other member, officer or employee of VRA authorized by resolution of VRA's Board of Directors to perform the act or sign the document in question.

**"VWFRF Act"** means Chapter 22, Title 62.1, Code of Virginia of 1950, as amended.

**Section 1.2 Rules of Construction.** The following rules shall apply to the construction of this Master Indenture unless the context requires otherwise:

(a) Singular words shall connote the plural number as well as the singular and vice versa.

(b) Words importing the redemption or calling for redemption of Bonds shall not be deemed to refer to or connote the payment of Bonds at their stated maturity.

(c) All references in this Master Indenture to particular Articles, Sections or Exhibits are references to Articles, Sections or Exhibits of this Master Indenture unless otherwise indicated.

(d) The headings and table of contents as used in this Master Indenture are solely for convenience of reference and shall not constitute a part of this Master Indenture nor shall they affect its meaning, construction or effect.

(e) Unless specifically provided otherwise in this Master Indenture or a Supplemental Indenture, any requirement that an obligation be or remain in a particular rating category assigned by a Rating Agency shall be applied without regard to any refinement or gradation of the rating category by numerical modifier or otherwise.

(f) Unless otherwise provided in a Supplemental Indenture, where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purposes hereof or for the purpose of any document, affidavit or certificate to be executed and delivered in accordance with or pursuant this Master Indenture or Supplemental Indenture, the same shall be done in accordance with generally accepted accounting principles; provided, however, that whenever the context makes clear that the requirement is that cash, or its equivalent, be available to meet Indebtedness, computations regarding such requirement shall be computed on a cash, and not on a generally accepted accounting, basis.

## ARTICLE II ESTABLISHMENT OF TRUST

**Section 2.1 Security for all Bonds.** (a) In order to provide for the payment of the principal of and the premium, if any, and interest on all of the Bonds of all Series issued hereunder, subject to the terms of this Master Indenture and the Supplemental Series Indentures and any other Supplemental Indentures, VRA pledges, assigns and grants to the Trustee a security interest in the following:

- (1) The Net Revenues;
- (2) . The Local Bonds;
- (3) The Revenue Fund, the Debt Service Fund, the Reserve Fund and the money and investments therein;
- (4) All other property of any kind mortgaged, pledged or hypothecated to provide for the payment of or to secure all of the Bonds by VRA or by anyone on its behalf and with its written consent at any time as and for additional security under this Master Indenture in favor of the Trustee, which is authorized to receive all such property at any time and to hold and apply it subject to the terms of this Master Indenture.

(b) The property described above, which secures the payment of the principal of and premium, if any, and interest on the Bonds in accordance with the provisions of this Master Indenture, is to be held in trust for the equal and proportionate benefit and security of the Owners from time to time of the Bonds, except as otherwise provided in, and subject to its application in accordance with the terms of, this Master Indenture.

**Section 2.2 Bond Credit Facility.** Any Bond Credit Facility which is given to secure some, but not all, of the Bonds, together with money drawn or paid under it, shall be held by the Trustee solely as security for the Bonds to which such Bond Credit Facility is Related. Neither such Bond Credit Facility nor any money drawn or paid under it will secure the payment of any other Bonds.

**Section 2.3 Security for State Match Bonds.** Notwithstanding the foregoing provisions of this Article II or any other provision of this Master Indenture, State Match Bonds shall be secured only by (i) the portion of the Net Revenues that consists of Direct Loan Interest

Payments and (ii) amounts held in the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund, subject to Article VIII.

### ARTICLE III GENERAL TERMS AND CONDITIONS OF BONDS

**Section 3.1 Authority for Master Indenture.** This Master Indenture has been executed and delivered under a resolution adopted by VRA's Board of Directors on June 14, 2005. VRA's Board of Directors has ascertained that the execution of and the transactions contemplated by this Master Indenture are in furtherance of both VRA's purposes and the exercise of the powers granted to VRA by the Act. VRA's Board of Directors has also ascertained that each provision in this Master Indenture for protecting and enforcing the rights and remedies of the Owners is reasonable and proper and not in violation of the law.

**Section 3.2 Master Indenture Constitutes Contract.** In consideration of the Owners' purchase and acceptance of the Bonds, the provisions of this Master Indenture and the Supplemental Indentures shall be a part of VRA's contract with the Owners and shall be deemed to be and shall constitute a contract among VRA, the Trustee and the Owners from time to time of the Bonds.

**Section 3.3 Form and Details of Each Series of Bonds.** The forms, details and terms of each Series of Bonds, the funds and accounts to be established with respect to such Series, and such other matters as VRA may deem appropriate shall be set forth in the Related Supplemental Series Indenture.

**Section 3.4 Obligation of Bonds.** This Master Indenture creates a continuing pledge and lien to secure the full and final payment of the principal of and premium, if any, and interest on each Series of Bonds. The Bonds of each Series are limited obligations of VRA payable solely from the revenues, money and other property pledged by this Master Indenture. Each Bond shall contain on its face a statement to the effect that (i) neither the Commonwealth nor any of its political subdivisions, including VRA, shall be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident to them except from the revenues, money or property of VRA pledged for such purpose, and (ii) neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions is pledged to the payment of the principal of or premium, if any, or interest on the Bonds.

**Section 3.5 Payment of Bonds.** The principal of and premium, if any, and interest on Bonds of each Series shall be payable in lawful money of the United States of America, but only from the revenues, money or property pledged to such payment pursuant to this Master Indenture. The principal of and premium, if any, and interest on Bonds of each Series shall be payable at such place or places and in such manner as specified in the Related Supplemental Series Indenture. Unless otherwise provided in the Related Supplemental Series Indenture, if a Payment Date for any Bonds of any Series or the date fixed for the redemption of any such Bonds is not a Business Day, then payment of the principal and premium, if any, and interest need not be made on such date, but may be made on the next succeeding date which is a Business Day, and if made on such next succeeding Business Day no additional interest will accrue for the period after such Payment Date or date fixed for redemption.

**Section 3.6 Execution of Bonds.** (a) Except as may be otherwise provided in the Related Supplemental Series Indenture, all of the Bonds of each Series shall be executed on behalf of VRA by, or bear the facsimile signature of the Chairman of VRA, and the corporate seal of VRA (which may be a facsimile) will be affixed (or imprinted or engraved if a facsimile) thereon and attested by the manual or facsimile signature of the Executive Director of VRA.

(b) If any of the officers who have signed or sealed any of the Bonds of a Series or whose facsimile signature is on such Bonds ceases to be an officer of VRA before the Bonds so signed and sealed have been actually authenticated by the Paying Agent or delivered by VRA, the Bonds nevertheless may be authenticated, issued and delivered with the same force and effect as though such officer had not ceased to be an officer of VRA. Any Bond of a Series may be signed and sealed on behalf of VRA by those Persons who, at the actual date of the execution of the Bond, are the proper officers of VRA, although at the date of the original issuance of the Bond they were not officers of VRA.

**Section 3.7 Authentication of Bonds.** Except as may be otherwise provided in the Related Supplemental Series Indenture, no Bond of any Series shall be secured by this Master Indenture, entitled to its benefits or be valid for any purpose unless there is endorsed on the Bond the Paying Agent's certificate of authentication, substantially in the form provided for in the Related Supplemental Series Indenture. The Paying Agent shall authenticate each Bond with the signature of an authorized officer or employee of the Paying Agent, but it shall not be necessary for the same Person to authenticate all of the Bonds. The Paying Agent's certificate of authentication on a Bond of any Series issued by VRA shall be conclusive evidence and the only competent evidence that the Bond has been duly authenticated and delivered under this Master Indenture.

**Section 3.8 Registration, Transfer and Exchange.** (a) Except as may be otherwise provided in the Related Supplemental Series Indenture, VRA shall cause books for the registration and registration of transfer or exchange of the Bonds of each Series to be kept at the designated corporate trust office of the Paying Agent. VRA appoints the Paying Agent as its registrar and transfer agent to keep such books and to make registrations and registrations of transfer or exchange under such reasonable regulations as VRA or the Paying Agent may prescribe.

(b) Upon surrender for registration of transfer or exchange of any Bond at the designated corporate trust office of the Paying Agent, VRA shall execute and the Paying Agent shall authenticate and deliver in the name of the transferee or transferees a new Bond or Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount which the Owner is entitled to receive, subject in each case to such reasonable regulations as VRA or the Paying Agent may prescribe. All Bonds presented for registration of transfer, exchange, redemption or payment shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to VRA and the Paying Agent, duly executed by the Owner or by the Owner's duly authorized attorney-in-fact or legal representative. No Bond may be registered to bearer.

(c) New Bonds of any Series delivered upon any transfer or exchange shall be valid obligations of VRA evidencing the same debt as the Bonds surrendered and shall be

secured by this Master Indenture and the Related Supplemental Series Indenture and entitled to their benefits to the same extent as the Bonds surrendered. Registrations of transfers or exchange will be made by the Paying Agent within such time periods as are customary in the municipal securities industry.

**Section 3.9 Charges for Exchange or Transfer.** Except as provided in Section 3.11, no charge shall be made for any registration of transfer or exchange of Bonds, but VRA or the Paying Agent may require payment by the Owner of the Bonds of a sum sufficient to cover any applicable tax or other governmental charge that may be imposed.

**Section 3.10 Temporary Bonds.** (a) Until Bonds of any Series in definitive form are ready for delivery, VRA may execute, and upon its request in writing, the Paying Agent shall authenticate and deliver in lieu of definitive Bonds and subject to the same provisions, limitations and conditions, one or more printed, lithographed or typewritten Bonds in temporary form, in substantially the form set forth in the Related Supplemental Series Indenture, with appropriate omissions, variations and insertions.

(b) Except as may be otherwise provided in the Related Supplemental Series Indenture, VRA shall, without unreasonable delay, prepare, execute and deliver to the Paying Agent, and, upon the presentation and surrender of the Bond or Bonds of any Series in temporary form to the Paying Agent at its designated corporate trust office, the Paying Agent shall authenticate and deliver in exchange, a Bond or Bonds of the same maturity and Series in definitive form, in the authorized denominations, and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made at VRA's expense.

**Section 3.11 Mutilated, Lost, Stolen or Destroyed Bonds.** (a) If any Outstanding Bond is mutilated, lost, stolen or destroyed, VRA shall execute, and, upon VRA's request in writing, the Paying Agent shall authenticate and deliver, a new Bond of the same Series, principal amount and maturity and of like tenor as the mutilated, lost, stolen or destroyed Bond in exchange and substitution for a mutilated Bond, or in lieu of and substitution for a lost, stolen or destroyed Bond.

(b) Application for exchange and substitution of mutilated, lost, stolen or destroyed Bonds shall be made to the Paying Agent at its designated corporate trust office and the applicant shall furnish to VRA and the Paying Agent security or indemnification to their satisfaction. In every case of loss, theft or destruction of a Bond, the applicant shall also furnish to VRA and the Paying Agent evidence to their satisfaction of the loss, theft or destruction and of the identity of the applicant, and in every case of mutilation of a Bond, the applicant shall surrender the Bond so mutilated for cancellation.

(c) Notwithstanding the foregoing provisions of this Section, if any Bond has matured and no default has occurred which is then continuing in the payment of the principal of or premium, if any, or interest on the Bond, VRA may authorize the payment of the Bond (without surrender except in the case of a mutilated Bond) instead of issuing a substitute Bond, provided security or indemnification is furnished as provided in this Section.

(d) VRA and the Paying Agent may charge the Owner their reasonable fees and expenses in connection with the issuance of any substitute Bond. Every substitute Bond issued pursuant to the provisions of this Section shall constitute a contractual obligation of VRA, whether or not the lost, stolen or destroyed Bond is found or delivered at any time, or is enforceable by anyone, and shall be entitled to all of the benefits of this Master Indenture and the Supplemental Indentures equally and proportionally with any and all other Bonds duly issued under this Master Indenture to the same extent as the Bond in substitution for which such Bond was issued.

(e) The provisions of this Section are exclusive and shall preclude (to the extent lawful) all of the rights and remedies with respect to the payment of mutilated, lost, stolen, or destroyed Bonds, including those granted by any law or statute now existing or hereafter enacted.

**Section 3.12 Cancellation of Bonds.** Any temporary or mutilated Bond surrendered to the Paying Agent, or any Bond redeemed or paid at maturity, or any Bond delivered for transfer, exchange or replacement, or purchased pursuant to instructions from VRA, shall be canceled or destroyed, and the Paying Agent shall deliver the canceled Bond or a certificate of destruction of such Bond to VRA.

#### ARTICLE IV REDEMPTION OF BONDS

**Section 4.1 Redemption of Bonds.** The Bonds of each Series shall be subject to redemption as specified in the Related Supplemental Series Indenture.

**Section 4.2 Selection of Bonds for Redemption.** Bonds of any Series to be called for redemption shall be selected as provided in the Related Supplemental Series Indenture. The Paying Agent shall treat each Bond of a denomination greater than the minimum denomination authorized in the Related Supplemental Series Indenture as representing the number of separate Bonds that can be obtained by dividing the Bond's actual principal amount by such minimum denomination.

**Section 4.3 Notice of Redemption.** (a) Except as otherwise provided in the Related Supplemental Series Indenture, in the case of any redemption of the Bonds of any Series, the Paying Agent shall give notice, in its own name or in the name of VRA, as provided for in this Section, that Bonds of a particular Series identified by serial or CUSIP numbers have been called for redemption and, in the case of Bonds to be redeemed in part only, the principal amount of the Bonds that have been called for redemption (or if all the Outstanding Bonds of a Series are to be redeemed, so stating, in which event serial or CUSIP numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying the date) upon surrender of the Bonds at the designated corporate trust office of the Paying Agent, at the applicable redemption price (specifying the price) together with any accrued interest to such date, and that all interest on the Bonds to be redeemed will cease to accrue on and after such date.

(b) Unless otherwise specified in the Related Supplemental Series Indenture, such notice shall be mailed by first class mail, postage prepaid, not less than thirty nor more than

sixty days before the date fixed for redemption, to the Owners of the Bonds called for redemption, at their respective addresses as they last appear on the registration books maintained by the Paying Agent. The receipt of notice will not be a condition precedent to the redemption and failure to mail any notice to an Owner or any defect in any notice will not affect the validity of the proceedings for the redemption of Bonds.

**Section 4.4 Payment of Redeemed Bonds.** (a) Except as otherwise provided in the Related Supplemental Series Indenture, if notice of redemption has been given as provided in Section 4.3, the Bonds called for redemption shall be due and payable on the date fixed for redemption at a redemption price equal to the principal amount of and premium, if any, on the Bonds, together with accrued interest to the date fixed for redemption. Payment of the redemption price shall be made by the Paying Agent upon surrender of the Bonds. If less than the full principal amount of a Bond is called for redemption, VRA shall execute and deliver and the Paying Agent shall authenticate, upon surrender of the Bond, and without charge to the Owner, Bonds of the same Series for the unredeemed portion of the principal amount of the Bond so surrendered.

(b) If any Bond has been duly called for redemption and payment of the principal of and premium, if any, and unpaid interest accrued to the date fixed for redemption on the Bond has been made or provided for, then, notwithstanding that the Bond called for redemption has not been surrendered for cancellation, interest on the Bond shall cease to accrue from the date fixed for redemption, and, from and after the date fixed for redemption, the Bond shall no longer be entitled to any lien, benefit or security under this Master Indenture, and its Owner shall have no rights in respect of the Bond except to receive payment of the principal of and premium, if any, and unpaid interest accrued to the date fixed for redemption of the Bond.

## ARTICLE V ISSUANCE OF BONDS

**Section 5.1 Issuance of Bonds.** (a) VRA may issue Bonds, subject to the terms and conditions contained in this Master Indenture, for such purposes as may be authorized under and pursuant to the Act, including to refund any 1999 Indenture Bonds outstanding under the 1999 Indenture or any Bonds previously issued and Outstanding under this Master Indenture. Such Bonds may be issued in the form permitted by law, including, but not limited to, Variable Rate Bonds, Optional Tender Bonds, Serial Bonds or Term Bonds or any combination thereof.

(b) VRA shall not issue any bonds, notes or other evidences of indebtedness or incur any obligation or indebtedness which will be secured by a pledge of revenues, money or property pledged by this Master Indenture to the payment of any Series of Bonds, except for Bonds, Other Indebtedness and Subordinate Debt issued under and/or in accordance with this Master Indenture; provided, however, that nothing contained in this Master Indenture shall prevent VRA from issuing or incurring indebtedness payable out of or secured by a pledge of such revenues, money or property to be derived on and after the date the pledge and lien of this Master Indenture is discharged and satisfied as provided in Article XIII.

(c) Subject to the restrictions set forth in subsection (b) of this Section, VRA reserves the right in its sole discretion and without the consent of the Trustee or any Owner of

any Bond or the holder or owner of any Other Indebtedness or Subordinate Debt to issue from time to time bonds, notes and other evidences of indebtedness for any lawful purpose authorized by the Act.

**Section 5.2 Bonds Series Equally and Ratably Secured.** All Bonds of each Series issued and to be issued under this Master Indenture, respectively, are and are to be, to the extent provided in and subject to this Master Indenture (including the Related Supplemental Series Indenture) equally and ratably secured by this Master Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery or maturity or redemption of the Bonds of such Series, or any of them, so that, subject to the provisions of this Master Indenture, all Bonds of any Series of Bonds at any time Outstanding under this Master Indenture shall have the same right, lien and preference under and by virtue of this Master Indenture and shall all be equally and ratably secured with all other Bonds with like effect as if they had all been simultaneously executed, authenticated and delivered. Notwithstanding the foregoing, VRA may provide a Bond Credit Facility that will secure or provide liquidity for fewer than all of the Bonds.

**Section 5.3 Conditions of Issuing a Series of Bonds.** Before the issuance and authentication of any Series of Bonds by the Paying Agent, VRA shall deliver or cause to be delivered to the Trustee:

(a) In the case of the initial Series of Bonds issued under this Master Indenture only:

- (1) an original executed counterpart of this Master Indenture;
- (2) a certified copy of a resolution of VRA's Board of Directors authorizing the execution and delivery of this Master Indenture; and
- (3) an Opinion or Opinions of Counsel, subject to customary exceptions and qualifications, to the effect that this Master Indenture has been duly authorized, executed and delivered by VRA;

(b) An original executed counterpart of the Related Supplemental Series Indenture which may include provisions (i) authorizing the issuance, fixing the principal amount and setting forth the details of the Bonds of the Series then to be issued, including the interest rate or rates and the manner in which the Bonds are to bear interest, the Principal and Interest Payment Dates of the Bonds, the purposes for which the Bonds are being issued, the date and the manner of numbering the Bonds, the series designation, the denominations, the maturity dates and amounts, the Amortization Requirements or the manner for determining such Amortization Requirements, and any other provisions for redemption before maturity, (ii) for Bond Credit Facilities for the Series and for any Funds and Accounts to be established with respect to the Series, (iii) for the application of the proceeds of the Bonds of the Series, (iv) necessary or expedient for the issuance of Bonds constituting Variable Rate Bonds or Optional Tender Bonds, including without limitation, tender and remarketing provisions, liquidity facility provisions and provisions for establishing the variable rate and changing interest rate modes, and (v) for such other matters as VRA may deem appropriate;

(c) A certified copy of the resolution or resolutions adopted by VRA authorizing the execution and delivery of the Related Supplemental Series Indenture and any Related Reimbursement Obligation and the issuance, sale, execution and delivery of the Series of Bonds then to be issued;

(d) Evidence that the Reserve Fund contains the Minimum Balance required therein immediately upon the issuance of the Series of Bonds then to be issued;

(e) Original executed counterparts of the Related Tax Regulatory Agreement, any Related Bond Credit Facility and any Related Reimbursement Obligation;

(f) A Projected Coverage Certificate, dated the date of delivery of the Bonds of the Series then to be issued, giving effect to the issuance of such Series of Bonds and showing for each Bond Year Revenue Coverage equal to at least the Required Coverage Percentage;

(g) If the Bonds of the Series then to be issued are State Match Bonds:

(1) A Projected State Match Coverage Certificate, dated the date of delivery of the State Match Bonds of the Series then to be issued, giving effect to the issuance of such Series of State Match Bonds and showing for each Bond Year State Match Revenue Coverage equal to at least the Required State Match Coverage Percentage; and

(2) Evidence that the State Match Reserve Fund contains the State Match Reserve Fund Minimum Balance required therein immediately upon the issuance of the Series of State Match Bonds then to be issued;

(h) If the Bonds of the Series then to be issued are to be issued to refund Bonds or 1999 Indenture Bonds issued and outstanding under this Master Indenture or the 1999 Indenture, as appropriate ("Refunding Bonds"):

(1) evidence satisfactory to the Trustee that VRA has made provision as required by this Master Indenture and the Related Supplemental Series Indenture or the 1999 Indenture for the payment or redemption of all Bonds or 1999 Indenture Bonds to be refunded; and

(2) a written determination by the Trustee or by a verification agent satisfactory to the Trustee that the proceeds (excluding accrued interest) of the Refunding Bonds, together with any other money to be deposited for such purpose with the Trustee in the Related Escrow Fund or otherwise upon the issuance of the Refunding Bonds and the investment income to be earned on funds held by the Trustee for the payment or redemption of Bonds or 1999 Indenture Bonds to be refunded, will be sufficient to pay, whether upon redemption or at maturity, the principal of and premium, if any, and interest on the Bonds or 1999 Indenture Bonds to be refunded and the estimated expenses incident to the refunding;

(i) Written confirmation from each Rating Agency that the issuance of such Series of Bonds will not result in the withdrawal or reduction of its then-current rating on any of the Bonds then Outstanding;

(j) An opinion of Bond Counsel to the effect that the Bonds of such Series have been duly authorized, that all conditions precedent to the issuance thereof have been fulfilled and, that the Bonds are valid and legally binding limited obligations of VRA, and are secured by this Master Indenture and the Related Supplemental Series Indenture to the extent provided herein and therein;

(k) An Officer's Certificate, dated the date of issuance of the Series of Bonds then to be issued, to the effect that to the best of the signer's knowledge, upon and immediately following the issuance, no Event of Default under this Master Indenture with respect to any Series of Bonds Outstanding will have occurred and be continuing;

(l) A written order and authorization to the Trustee on behalf of VRA, signed by a VRA Representative to authenticate and deliver such Series of Bonds to or upon the order of the purchaser or purchasers therein identified upon payment to the Trustee of the purchase price (including accrued interest, if any) of such Series of Bonds; and

(m) Any additional instrument or action specified in the Related Supplemental Series Indenture.

**Section 5.4 Modification of Certain Definitions.** (a) In the case of the following described types of Bonds, the definition of the term "Principal and Interest Requirements" for the purposes of preparing and delivering a Projected Coverage Certificate shall be modified as follows:

(1) Optional Tender Bonds. If any of the Outstanding Bonds or additional Bonds of the Series then to be issued constitute Optional Tender Bonds, then the options of the Owners of such Bonds to tender the same for payment prior to their stated maturity or maturities shall be disregarded, (ii) if such Bonds also constitute Variable Rate Bonds, VRA shall also make the adjustments described in subsection (a)(2) below, and (iii) any obligation VRA may have, other than its obligation on such additional Bonds (which need not be uniform as to all Owners thereof), to reimburse any Person for its having extended a Bond Credit Facility shall be disregarded.

(2) Variable Rate Bonds. If any of the Outstanding Bonds or Bonds of the Series then to be issued constitute Variable Rate Bonds, then the interest rate used in the above-described computations shall be the greater of (i) the interest rate on any additional Bonds issued as Variable Rate Bonds for the first period of calculation of such interest and (ii) the weighted average interest rate at which VRA could reasonably expect to have borrowed on the date of issuance of such Bonds by issuing such Bonds with a fixed rate or rates of interest. VRA's reasonable expectation shall be established by an Officer's Certificate and a letter of a knowledgeable professional, including VRA's financial advisor, confirming the interest rate expectation as reasonable. The conversion of Bonds constituting Variable Rate Bonds to bear interest at fixed rate or rates or vice-

versa, in accordance with their terms, shall not constitute a new issuance of Bonds under this Master Indenture.

(b) [Reserved].

**Section 5.5 Delivery of Bonds.** When the documents described in Section 5.3 shall have been filed with the Trustee and when the Bonds then to be issued shall have been executed and authenticated as required by this Master Indenture, the Paying Agent shall deliver such Bonds at one time to or upon the order of the purchasers named in the Related Supplemental Series Indenture, but only upon payment to or upon the order of VRA of the purchase price of such Bonds and the accrued interest, if any, thereon.

**Section 5.6 Application of Bond Proceeds.** The Trustee shall apply the proceeds of any Series of Bonds as provided in the Related Supplemental Series Indenture.

**Section 5.7 Subordinate Debt.** Nothing in this Master Indenture shall prohibit or prevent VRA from authorizing and issuing Subordinate Debt for any lawful purpose, including, without limitation, for the purpose of causing the Bonds to be cross-collateralized by the assets in the public drinking water system program now or hereafter to be operated or maintained by the Commonwealth. Subordinate Debt shall be payable from the revenues, money and other property pledged hereunder subject and subordinate to the payment of any Bonds and may be secured by a lien and pledge of the revenues, money and other property pledged hereunder junior and inferior to the lien and pledge granted hereby for the payment and security of Bonds.

## ARTICLE VI GENERAL COVENANTS AND PROVISIONS

**Section 6.1 Payment of Bonds.** VRA shall promptly pay the principal of (whether at maturity, by mandatory sinking fund or optional redemption, or otherwise) and premium, if any, and interest on each Series of the Bonds on the dates and as provided in this Master Indenture, the Related Supplemental Series Indenture and in such Series of Bonds; provided, however, that such obligations are limited obligations of VRA and are payable solely from revenues, moneys and other property pledged by VRA to the Trustee under Article II to secure payment of such Series of Bonds or all Series of Bonds issued under this Master Indenture. The principal of and premium, if any, and interest on the Bonds shall not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth or any of its political subdivisions, other than VRA. Neither the Commonwealth nor any of its political subdivisions, including VRA, shall be obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident to them except from the revenues, money or property of VRA pledged for such purpose, and neither the faith and credit nor the taxing power of the Commonwealth or any of its political subdivisions, including VRA, is pledged to the payment of the principal of or premium, if any, or interest on the Bonds.

**Section 6.2 Covenants and Representations of VRA.** (a) VRA shall faithfully observe and perform all of its covenants, conditions and agreements contained in this Master Indenture, in every Bond executed, authenticated and delivered under this Master Indenture and in all pertinent proceedings of its Board of Directors; provided, however, that VRA's liability for

any breach of or default under any such covenant, condition or agreement shall be limited solely to and satisfied solely from the sources of payment described in Section 6.1.

(b) VRA shall not permit the full defeasance of the 1999 Indenture pursuant to Section 13.1 of the 1999 Master Indenture without providing to the Trustee written confirmation from each Rating Agency that such amendment will not result in the withdrawal or reduction of its then-current rating on any of the Bonds then Outstanding.

**Section 6.3 Further Assurances.** Subject to the provisions of Section 6.1, VRA shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, such Supplemental Indentures and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging and assigning to the Trustee of all the rights assigned by this Master Indenture and revenues, money and other property pledged by this Master Indenture to the payment of the principal of and premium, if any, and interest on the Bonds. VRA shall fully cooperate with the Trustee in protecting the Owners' rights and security.

**Section 6.4 Records and Accounts; Inspections and Reports.** VRA shall maintain or cause to be maintained proper books of record and account, separate from any of its other records and accounts, showing complete and correct entries of all transactions relating to the Bonds. All books and documents in VRA's possession relating to the Bonds shall at all times be open to inspection by such agents as may be designated by the Trustee or the Owners of twenty-five percent or more in aggregate principal amount of Bonds then Outstanding. VRA shall have an annual audit made by or on behalf of the Auditor of Public Accounts within 120 days after the end of each of VRA's fiscal years and shall furnish to the Trustee copies of the audit report as soon as such report is available, which report shall include statements in reasonable detail, certified by the Auditor of Public Accounts or the accountant who prepared the report, reflecting VRA's financial position as of the end of such fiscal year and the results of its operations and changes in the financial position of its funds for such fiscal year.

**Section 6.5 Reports by Trustee.** The Trustee shall make periodic reports to VRA of all money received, invested and expended by it with respect to the Bonds. The Trustee shall furnish to VRA upon request (i) a statement of the principal amount of Bonds Outstanding and unpaid as of the date of such request, (ii) the amount on deposit in each of the funds and accounts held by it pursuant to this Master Indenture, and (iii) such information as may be necessary to complete the annual audit of VRA as required by the Act or to make any other report required by any other law now or hereafter in effect.

**Section 6.6 Covenants with Bond Credit Providers.** VRA may make such covenants as it may in its sole discretion determine to be appropriate with any Bond Credit Provider or Reserve Fund Credit Provider that shall agree to insure or to provide for Bonds of any one or more Series a Bond Credit Facility that shall enhance the security or the value of such Bonds and thereby reduce the Principal and Interest Requirements on such Bonds. Such covenants may be set forth in the Related Supplemental Series Indenture or in a Supplemental Indenture and shall be binding on VRA, the Trustee, the Paying Agents and the Owners of the Bonds the same as if such covenants were set forth in full in this Master Indenture.

**ARTICLE VII**  
**ESTABLISHMENT OF FUNDS AND ACCOUNTS FOR BONDS**

**Section 7.1 Establishment and Custody of Funds.** (a) The following Funds are hereby established with respect to all Series of Bonds other than State Match Bonds issued under this Master Indenture:

- (1) Revenue Fund;
- (2) Debt Service Fund;
- (3) Reserve Fund; and
- (4) Residual Fund.

(b) The following Funds are hereby established with respect to all Series of Bonds issued under this Master Indenture:

- (1) Costs of Issuance Fund; and
- (2) Rebate Fund.

(c) All of the Funds described in subsections (a) and (b) shall be held by the Trustee, except for the Residual Fund, which shall be held by or at the direction of VRA.

(d) Unless otherwise provided in a Supplemental Indenture, the Residual Fund, the Costs of Issuance Fund and the Rebate Fund, the moneys therein and the earnings thereon are not pledged as security for the payment of any Series of Bonds.

**Section 7.2 Establishment and Custody of Certain Special Funds.** (a) VRA may establish with the Trustee or an escrow agent satisfactory to the Trustee in connection with the issuance of any Series of Refunding Bonds an Escrow Fund to provide for the application and investment of the portion of the proceeds of such Series to be used to refund the refunded Bonds. Such Escrow Fund shall be established under or in accordance with the Related Supplemental Series Indenture.

(b) VRA may establish with the Trustee in connection with the incurrence of any Reimbursement Obligation a Reimbursement Fund. Amounts held for the credit of any Reimbursement Fund shall be paid out by the Trustee as necessary to enable VRA to meet its obligations constituting Reimbursement Obligations. Amounts held for the credit of a Reimbursement Fund may be pledged to the payment of any Related Reimbursement Obligation incurred by VRA.

**ARTICLE VIII**  
**ESTABLISHMENT OF FUNDS AND ACCOUNTS FOR STATE MATCH BONDS**

**Section 8.1 Establishment and Custody of Funds.** (a) The following Funds are hereby established with respect to all Series of State Match Bonds issued under this Master Indenture, subject to the provisions of this Article VIII:

- (1) State Match Revenue Fund;
- (2) State Match Debt Service Fund; and
- (3) State Match Reserve Fund.

(b) All of the Funds described in subsection (a) shall be held by the Trustee.

(c) Unless otherwise provided in a Supplemental Indenture, the Costs of Issuance Fund and the Rebate Fund, the moneys therein, and the earnings thereon are not pledged as security for the payment of any Series of State Match Bonds.

**Section 8.2 State Match Revenue Fund.** (a) The Trustee shall promptly deposit in the State Match Revenue Fund (i) the Direct Loan Interest Payments and (ii) any amounts which have been specified for such purpose pursuant to a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

(b) On or before each Payment Date on the State Match Bonds, the Trustee shall withdraw from the State Match Revenue Fund and transfer to the Funds set forth below, or shall retain and hold in the State Match Revenue Fund, the following amounts in the following order of priority:

FIRST: To the State Match Debt Service Fund the amount, if any, required so that the balance therein shall equal the Principal and Interest Requirements due on the Payment Date on each Series of State Match Bonds; provided that for the purpose of computing the amount to be paid to the State Match Debt Service Fund there shall be made an adjustment for the amount, if any, set aside in the State Match Debt Service Fund which was deposited therein as accrued interest and any amounts transferred to the State Match Debt Service Fund from any other Funds and Accounts as provided under the Master Indenture, together in each case with investment earnings thereon;

SECOND: To retain and hold in the State Match Revenue Fund an amount as provided in a Supplemental Indenture or in a written direction by a VRA Representative to the Trustee supported by an Officer's Certificate.

THIRD: To the State Match Reserve Fund the amount needed, if any, to restore the balance of the State Match Reserve Fund to an amount equal to the State Match Reserve Fund Minimum Balance;

FOURTH: To a Rebate Fund Related to a Series of State Match Bonds, the amount, if any, of any deficiency therein as confirmed to the Trustee by VRA; and

FIFTH: To the Revenue Fund, any balance remaining in the State Match Revenue Fund.

(c) In the case of State Match Bonds secured by a Bond Credit Facility, amounts on deposit in the State Match Revenue Fund may be transferred to the State Match Debt Service Fund, the Related Reimbursement Fund, or elsewhere as provided in the Related Supplemental Series Indenture to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such State Match Bonds.

**Section 8.3 State Match Debt Service Fund.** (a) The Trustee shall promptly deposit in the State Match Debt Service Fund (i) all amounts required to be transferred to the State Match Debt Service Fund from the State Match Revenue Fund pursuant to paragraph "FIRST" of Section 8.2(b), (ii) all amounts required to be transferred to the State Match Debt Service Fund from the State Match Reserve Fund pursuant to paragraph "FIRST" of Section 8.4(b), and (iii) any amounts required to be transferred to the State Match Debt Service Fund from any other Funds and Accounts as provided in a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

(b) The Trustee shall pay out of the State Match Debt Service Fund to any Paying Agents for such Series of State Match Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Series of State Match Bonds due on such Interest Payment Date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Series of State Match Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be applied by the Paying Agents to such payment. The Trustee shall also pay out of the State Match Debt Service Fund the accrued interest included in the purchase price of each Series of State Match Bonds purchased for retirement pursuant to this Master Indenture.

(c) The Trustee shall pay out of the State Match Debt Service Fund to any Paying Agents for each Series of State Match Bonds on each Principal Payment Date and redemption date for such Series of State Match Bonds, the amounts required for the payment of such principal or redemption price on such date, and such amounts shall be applied by the Paying Agents to such payments.

(d) Amounts made available by VRA for such purpose may, and if so directed by VRA shall, be applied by the Trustee prior to the forty-fifth (45th) day preceding any mandatory sinking fund redemption date for Term Bonds of the Related Series of State Match Bonds to the purchase of the Term Bonds that are subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the redemption price payable for such Term Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any such Term Bond, the Trustee shall then credit

an amount equal to the principal of the Term Bond so purchased toward the next succeeding Amortization Requirement for such Term Bond.

(e) As soon as practicable after the forty-fifth (45th) day preceding the date of any mandatory sinking fund redemption for the Term Bonds of the Related Series of State Match Bonds, the Trustee shall proceed to call for redemption on such redemption date the Term Bonds of the maturity for which sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such sinking fund redemption. The Trustee shall so call such Term Bonds for redemption whether or not it then has moneys in the State Match Debt Service Fund sufficient to pay the applicable redemption price thereof and interest thereon to the redemption date. The Trustee shall pay out of the State Match Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

**Section 8.4 State Match Reserve Fund.** (a) The Trustee shall promptly deposit in the State Match Reserve Fund (i) all amounts required to be transferred to the State Match Reserve Fund from the State Match Revenue Fund pursuant to paragraph "THIRD" of Section 8.2(b) and (ii) any amounts required to be transferred to the State Match Reserve Fund from any other Funds and Accounts as provided in a Supplemental Indenture or a written direction from a VRA Representative supported by an Officer's Certificate.

(b) On each Payment Date on the State Match Bonds and the other Bonds, the Trustee shall withdraw from the State Match Reserve Fund and transfer to the Funds set forth below the following amounts in the following order of priority:

FIRST: To the State Match Debt Service Fund the amount, if any, required to cure any deficiency in the State Match Debt Service Fund that exists after the transfer is made from the State Match Revenue Fund pursuant to paragraph "FIRST" of Section 8.2(b) so that the balance therein shall equal the Principal and Interest Requirements due on the Payment Date on each Series of State Match Bonds; and

SECOND: To the Debt Service Fund the amount, if any, required to cure any deficiencies in the Debt Service Fund that exist after each of the deposits are made pursuant to Section 9.2 of this Master Indenture so that the balance of the Debt Service Fund shall equal the Principal and Interest Requirements due on the Payment Date on the Outstanding Bonds.

(c) On each Determination Date, the Trustee shall determine if the balance on deposit in the State Match Reserve Fund is at least equal to the State Match Reserve Fund Minimum Balance. In making such determination, investments on deposit in the State Match Reserve Fund shall be valued as provided in Section 12.3 of this Master Indenture. If on any Determination Date the amount in the State Match Reserve Fund is less than the State Match Reserve Fund Minimum Balance, the Trustee shall immediately notify VRA of such fact and the amount of the deficiency.

(d) Any interest earned from the investment of money in the State Match Reserve Fund shall be transferred upon receipt to the State Match Revenue Fund and/or to pay any Rebate Amounts in accordance with any Supplemental Indentures and Tax Regulatory Agreements to the extent that such transfer will not cause the balance in the State Match Reserve Fund to be less than the State Match Reserve Fund Minimum Balance. Unless provided in a Supplemental Indenture or a written direction to the Trustee by a VRA Representative supported by an Officer's Certificate, if on any Determination Date there exists a surplus in the State Match Reserve Fund, the Trustee shall transfer such surplus to the State Match Revenue Fund and/or use it to pay any Rebate Amounts in accordance with any Supplemental Indentures and Tax Regulatory Agreements.

**Section 8.5 Nature of Security Afforded by the State Match Revenue Fund, State Match Debt Service Fund, and State Match Reserve Fund.** (a) All State Match Bonds issued and to be issued under this Master Indenture are, and are to be, to the extent provided in this Master Indenture, equally and ratably secured by each of the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund without preference, priority and distinction on account of the actual time or times of the authentication or delivery or maturity or redemption of the State Match Bonds or any of them, so that, subject to the provisions of the Master Indenture, all State Match Bonds at any time outstanding under this Master Indenture shall have the same right, lien, and preference under and by virtue of this Master Indenture with respect to each of the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund and shall be equally and ratably secured by each of the State Match Revenue Fund, the State Match Debt Service Fund, and the State Match Reserve Fund, with the like effect as if they had all been simultaneously executed, authenticated and delivered.

(b) All Bonds other than those that are State Match Bonds issued and to be issued under the Master Indenture are, and are to be, to the extent provided in the Master Indenture, equally and ratably secured by the State Match Reserve Fund on a subordinate basis to the State Match Bonds, without preference, priority and distinction on account of the actual time or times of the authentication or delivery or maturity or redemption of the Bonds (other than the Bonds that are State Match Bonds) or any of them, so that, subject to the provisions of the Master Indenture, all Bonds other than those that are State Match Bonds at any time outstanding under the Master Indenture shall have the same right, lien, and preference under and by virtue of the Master Indenture with respect to the State Match Reserve Fund and shall be equally and ratably secured by the State Match Reserve Fund, with the like effect as if they had all been simultaneously executed, authenticated and delivered.

**ARTICLE IX  
REVENUE FUND; DEBT SERVICE FUND;  
RESERVE FUND; RESIDUAL FUND**

**Section 9.1 Revenue Fund.** (a) The Trustee shall promptly deposit and hold in the Revenue Fund the Revenues paid or transferred to the Trustee from the various sources specified under this Master Indenture, subject to the provisions of Article VIII. On or before each Payment Date, the Trustee shall withdraw from the Revenue Fund and transfer to the Funds and Accounts set forth below the following amounts in the following order of priority:

FIRST: To VRA or DEQ, as applicable, the amount of any Clean Water Administrative Expenses due and payable on such date as specified in an Officer's Certificate; and

SECOND: To the Debt Service Fund the amount, if any, required so that the balance therein shall equal the Principal and Interest Requirements due on the Payment Date on the Bonds; provided that for the purpose of computing the amount to be paid to such Debt Service Fund there shall be made an adjustment for the amount, if any, set aside in such Debt Service Fund which was deposited therein as accrued interest and any amounts transferred to such Debt Service Fund from any other Funds and Accounts as provided under this Master Indenture, together in each case with investment earnings thereon; and

THIRD: To each Account of the Rebate Fund, the amount, if any, of any deficiency therein as specified in an Officer's Certificate; and

FOURTH: To the Reserve Fund the amount necessary to restore or augment the Minimum Balance therein as may be provided in a Supplemental Indenture; and

FIFTH: To the Residual Fund, any balance remaining in the Revenue Fund to the extent not necessary to be retained therein as provided in a Supplemental Indenture to pay the Principal and Interest Requirements on the Bonds.

(b) If all or certain Bonds are secured by a Bond Credit Facility, amounts on deposit in the Revenue Fund may be transferred to the Debt Service Fund, the Related Reimbursement Fund or elsewhere as provided in a Supplemental Indenture to reimburse the Bond Credit Provider for amounts drawn under the Bond Credit Facility to pay the principal of and premium, if any, and interest on such Bonds.

**Section 9.2 Debt Service Fund.** (a) The Trustee shall promptly deposit the following amounts in the Debt Service Fund:

(1) the amount, if any, of the proceeds of any Series of Bonds, required by the Related Supplemental Series Indenture to be deposited in the Debt Service Fund in respect of accrued interest;

(2) all amounts required to be transferred to the Debt Service Fund from the Revenue Fund pursuant to paragraph "SECOND" of Section 9.1; and

(3) any amounts required to be transferred to the Debt Service Fund from any other Funds and Accounts or other sources as may be provided in a Supplemental Indenture.

(b) The Trustee shall pay out of the Debt Service Fund to the Paying Agents for each Series of Bonds (i) on each Interest Payment Date, the amount required for the payment of interest on such Series of Bonds due on such date and (ii) on any redemption date, the amount required for the payment of accrued interest on such Series of Bonds redeemed unless the payment of such accrued interest shall be otherwise provided for, and such amounts shall be

applied by the Paying Agents to such payment. The Trustee shall also pay out of the Debt Service Fund the accrued interest included in the purchase price of each Series of Bonds purchased for retirement pursuant to this Master Indenture.

(c) The Trustee shall pay out of the Debt Service Fund to the Paying Agents for each Series of Bonds on each Principal Payment Date and redemption date for such Series of Bonds, the amounts required for the payment of such principal or redemption price on such date, and such amounts shall be applied by the Paying Agents to such payments.

(d) Amounts made available by or on behalf of VRA for such purpose may and, if so directed by an Officer's Certificate, shall be applied by the Trustee prior to the forty-fifth (45th) day preceding any mandatory sinking fund redemption date for Term Bonds to the purchase of the Term Bonds that are subject to such sinking fund redemption, at prices (including any brokerage and other charges) not exceeding the redemption price payable for such Term Bonds pursuant to such sinking fund redemption plus unpaid interest accrued to the date of purchase. Upon such purchase of any Term Bond, the Trustee shall then credit an amount equal to the principal of the Bond so purchased toward the next succeeding Amortization Requirement for such Term Bond.

(e) As soon as practicable after the forty-fifth (45th) day preceding the date of any mandatory sinking fund redemption for any Term Bonds, the Trustee shall proceed to call for redemption on such redemption date the Term Bonds of the maturity for which sinking fund redemption is required in such amount as shall be necessary to complete the retirement of the principal amount specified for such sinking fund redemption. The Trustee shall so call such Term Bonds for redemption whether or not it then has moneys in the Debt Service Fund sufficient to pay the applicable redemption price thereof and interest thereon to the redemption date. The Trustee shall pay out of the Debt Service Fund to the appropriate Paying Agents, on each such redemption date, the amount required for the redemption of the Term Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

**Section 9.3 Reserve Fund.** (a) Except as specifically provided below, the amount in the Reserve Fund shall be used solely to cure deficiencies in the amount on deposit in the Debt Service Fund. If there is a deficiency in the amount on deposit in the Debt Service Fund to pay the principal of and interest on the Bonds when due, then the Trustee shall transfer the amount of the deficiency from the amount, if any, on deposit in the Reserve Fund to the Debt Service Fund. The Trustee immediately shall notify VRA of any such transfer.

(b) On each Reserve Determination Date, the Trustee shall determine if the balance on deposit in the Reserve Fund is at least equal to the Minimum Balance. In making each such determination, investments on deposit in the Reserve Fund shall be valued as provided in Section 12.3. If on any Reserve Determination Date the amount the Reserve Fund is less than the Minimum Balance, the Trustee shall immediately notify VRA of such fact and the amount of the deficiency.

(c) Any interest earned from the investment of money in the Reserve Fund shall be transferred upon receipt to the Revenue Fund and/or to pay any Rebate Amounts in accordance with the Supplemental Series Indentures and Tax Regulatory Agreements (as

specified or confirmed in an Officer's Certificate) to the extent that such transfer will not cause the balance in the Reserve Fund to be less than the Minimum Balance. If on any Reserve Determination Date there exists a surplus in the Reserve Fund, the Trustee shall transfer such surplus to the Revenue Fund and/or use it to pay any Rebate Amounts in accordance with the Supplemental Series Indentures and Tax Regulatory Agreements (as specified or confirmed in an Officer's Certificate); or as may be otherwise specified in a Supplemental Indenture.

**Section 9.4 Residual Fund.** (a) VRA shall promptly deposit in the Residual Fund the following amounts:

(1) amounts transferred for deposit therein from the Revenue Fund pursuant to paragraph "FIFTH" of Section 9.1(a) above; and

(2) any other moneys received for deposit therein.

(b) VRA may transfer, apply, expend or pledge amounts in the Residual Fund for any purpose allowed pursuant to the Clean Water Act, the Act and any applicable regulations promulgated under any of the foregoing as specified in an Officer's Certificate or a Supplemental Indenture, including, without limitation, for the purpose of (i) making transfers to the Virginia Water Facilities Revolving Fund, (ii) securing Subordinate Debt and (iii) purchasing subordinate obligations or otherwise cross-collateralizing the bonds or other debt obligations to be issued to fund the public drinking water system program now or hereafter to be operated and maintained by the Commonwealth.

## **ARTICLE X COSTS OF ISSUANCE FUND; REBATE FUND**

**Section 10.1 Costs of Issuance Fund.** Unless otherwise provided under a Supplemental Series Indenture, the Trustee shall establish a separate Account in the Costs of Issuance Fund for each Series of Bonds. There shall be deposited in each such Account the portion of the proceeds of each Series of Bonds specified for such purpose in the Related Supplemental Series Indenture. VRA shall use such amount to pay Costs of Issuance incurred in connection with the issuance of the Related Series of Bonds. Upon certification by a VRA Representative to the Trustee that no further Costs of Issuance are to be paid from a certain Account in the Costs of Issuance Fund, VRA shall transfer the remaining balance to the Revenue Fund or the State Match Revenue Fund, as appropriate, and/or the Related Account in the Rebate Fund as may be authorized or directed by the Related Supplemental Series Indenture or Tax Regulatory Agreement. Investment earnings on each Account in the Costs of Issuance Fund shall be transferred periodically as provided in the Related Supplemental Series Indenture and Tax Regulatory Agreement to the Revenue Fund or the State Match Revenue Fund, as appropriate, and/or the Related Account in the Rebate Fund.

**Section 10.2 Rebate Fund.** Unless otherwise provided in the Related Supplemental Series Indenture, the Trustee shall establish a separate Account in the Rebate Fund for each Series of Bonds. There shall be deposited in each Account of the Rebate Fund such amounts as may be specified under this Master Indenture and the Related Tax Regulatory Agreement. VRA shall apply amounts in each such Account in accordance with the Related Tax Regulatory

Agreement to satisfy the arbitrage rebate and yield restriction requirements of Section 148 of the Code as applicable to the Related Series of Bonds. Any amounts in the Rebate Fund that are not necessary for purposes of Section 148 of the Code may be transferred to the Residual Fund or the Revenue Fund or the State Match Revenue Fund, as appropriate, as required or authorized by a Supplemental Indenture or Tax Regulatory Agreement.

## ARTICLE XI GENERAL FUND AND ACCOUNT PROVISIONS

**Section 11.1 Additional Funds, Account and Subaccounts.** Upon payment of its additional reasonable costs and expenses, if any, the Trustee may create additional Funds or Accounts or subaccounts within any Fund or Account established by this Master Indenture or any Supplemental Indenture if it deems such additional Funds or Accounts or subaccounts to be necessary for the proper administration of this Master Indenture. The Trustee shall determine that in making transfers to or from any such additional Fund, Account or Subaccount, required transfers can be made consistently with the provisions of this Master Indenture.

**Section 11.2 Non-Presentation of Bonds.** (a) If an Owner fails to present his or her Bond for payment when its principal becomes due (whether at maturity, by mandatory or optional redemption, by acceleration, or otherwise), all liability of VRA to the Owner for the payment of the Bond shall be completely discharged if the Trustee holds for the Owner's benefit money sufficient to pay the principal of and premium, if any, and interest due on such Bond to its maturity or redemption date and thereupon it shall be the Trustee's duty to hold this money, without liability to the Owner for interest on it, for the Owner's benefit, who shall thereafter be restricted exclusively to this money for any claim under this Master Indenture or on the Bond.

(b) Any money which shall have been set aside by the Trustee for the payment of the principal of and premium, if any, and interest on the Bonds and which shall remain unclaimed by the Owners of any of the Bonds for a period of four years and eleven months after the date on which such money shall have become payable, shall, unless otherwise required by law, be paid to VRA (along with any investment earnings on such money earned after the respective maturity or redemption date), and thereafter the Trustee shall have no further responsibility with respect to such money.

**Section 11.3 Trustee's Fees, Costs and Expenses.** The Trustee's initial or acceptance fees and expenses for a Series of Bonds shall be paid from the Costs of Issuance Fund. VRA shall pay or provide for the payment of all other fees and expenses of the Trustee as provided in Section 15.2. The Trustee shall not deposit any such payments it receives in the Funds or Accounts established by this Master Indenture but shall deposit them in a separate account or accounts appropriately designated and shall expend them solely for the purposes for which such payments are received.

**Section 11.4 Disbursement Requirement.** The Trustee shall make all disbursements from any Fund or Account established by this Master Indenture or any Supplemental Indenture to be made at the request of VRA within two Business Days of the date the request for disbursement is made, provided that all conditions precedent to such disbursement have been met.

**ARTICLE XII**  
**SECURITY FOR DEPOSITS AND PERMITTED INVESTMENTS**

**Section 12.1 Security for Deposits.** All amounts deposited with VRA or the Trustee under this Master Indenture that are not invested in investments described in Section 12.2 below and that are in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously held in bank accounts which are secured for the benefit of VRA and the Owners of the Bonds in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act, Chapter 23, Title 2.1, Code of Virginia of 1950, as amended, or any successor provision of law; provided, however, that it shall not be necessary for the Paying Agent to give security for the deposit of any amounts with it for the payment of the principal of or premium, if any, or interest on any Bonds issued under this Master Indenture.

**Section 12.2 Permitted Investments.** (a) Subject to the provisions of any Supplemental Indenture, any amounts held in any Funds and Accounts established by this Master Indenture or any Supplemental Indenture may be separately invested and reinvested by the Trustee, at the request of and as directed by a VRA Representative or by VRA, as the case may be, in any investments which are at the time legal investments for public funds of the type to be invested under Virginia law, including without limitation the Act and the Investment of Public Funds Act, Chapter 45, Title 2.2, Code of Virginia of 1950; as amended, or any successor provision of law.

(b) Subject to the provisions of any Supplemental Indenture, all investments shall be held by or under the control of the Trustee or VRA, as the case may be, and while so held shall be deemed a part of the Fund or Account in which the amounts were originally held. The Trustee and the Authority shall sell and reduce to cash a sufficient amount of investments whenever the cash balance in any Fund or Account is insufficient for its purposes.

**Section 12.3 Valuation of Investments.** Unless otherwise provided herein or in a Supplemental Indenture, VRA or the Trustee shall value the investments in each Fund and Account established under this Master Indenture or any Supplemental Indenture and held by it or at its direction as of the last Business Day of each month, at the lower of cost or fair market value of such investments, plus accrued interest.

**Section 12.4 Investments through Trustee's Bond Department.** The Trustee may make investments permitted by Section 12.2 through its own trust or bond department.

**ARTICLE XIII**  
**DEFEASANCE**

**Section 13.1 Defeasance.** If VRA shall pay or provide for the payment of the entire indebtedness on all Bonds Outstanding in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and premium, if any, and interest on all Bonds Outstanding, as and when the same become due and payable;

(b) by delivering all Bonds Outstanding to the Trustee for cancellation; or

(c) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue thereon (the "Defeasance Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds Outstanding at or before their respective maturity dates, without consideration of any reinvestment of the Defeasance Amount, as a verification agent approved by the Trustee shall verify to the Trustee's satisfaction;

and if VRA shall pay or provide for the payment of (on the date of defeasance or over time) all other sums payable hereunder by VRA, and if any of the Bonds Outstanding are to be redeemed before their maturity, notice of such redemption shall have been given as provided in Article IV (and the corresponding sections of the Supplemental Series Indentures) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, this Master Indenture and the estate and rights granted hereunder (except for the provisions of Articles III and IV and Section 6.1) shall cease, determine, and become null and void, and thereupon the Trustee shall, upon receipt by the Trustee of a certificate of a VRA Representative and an opinion of Bond Counsel, each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of this Master Indenture as provided above have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging this Master Indenture (except for the provisions of Articles III and IV (and the corresponding sections of the Supplemental Series Indentures) and Section 6.1) and the lien hereof.

Any moneys, securities, or other property remaining on deposit in any of the Funds or Accounts established by this Master Indenture and held by the Trustee (except the cash and/or noncallable Defeasance Obligations deposited in trust as above provided) shall, upon the full satisfaction of this Master Indenture as provided above, forthwith be distributed to VRA.

**Section 13.2 Liability of VRA Not Discharged.** Upon the deposit with the Trustee (or an escrow agent acceptable to the Trustee), in trust, at or before maturity, of cash and/or Defeasance Obligations in the necessary amount to pay or redeem all Bonds Outstanding (whether upon or before their maturity or the redemption date of such Bonds) and compliance with the other payment requirements of Section 13.1, provided that if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as provided in Article IV (and the corresponding sections of the Supplemental Series Indentures), or provisions satisfactory to the Trustee shall have been made for the giving of such notice, this Master Indenture may be discharged in accordance with its provisions (except for the provisions of Articles III and IV (and the corresponding sections of the Supplemental Series Indentures) and Section 6.1) but the liability of VRA under the Bonds shall continue provided that the Owners shall thereafter be entitled to payment only out of the cash and/or Defeasance Obligations deposited with the Trustee (or an escrow agent acceptable to the Trustee) as aforesaid.

**Section 13.3 Provision for Payment of Particular Bonds.** If VRA shall pay or provide for the payment of the entire indebtedness on particular Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing with the Trustee (or an escrow agent acceptable to the Trustee), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue thereon (the "Payment Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity dates, without consideration of any reinvestment of the Payment Amount, as a verification agent approved by the Trustee shall verify to the Trustee's satisfaction;

and if VRA shall also pay or provide for the payment of all other sums payable hereunder by VRA with respect to such Bonds, and, if such Bonds are to be redeemed before their maturity, notice of such redemption shall have been given as provided in Article IV of this Master Indenture (or the corresponding provisions of the Related Supplemental Series Indentures) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, such Bonds shall cease to be entitled to any lien, benefit or security under this Master Indenture. The liability of VRA under such Bonds shall continue but their Owners shall thereafter be entitled to payment (to the exclusion of all other Owners) only out of the cash and/or Defeasance Obligations deposited with the Trustee (or an escrow agent acceptable to the Trustee) as aforesaid.

VRA may at any time surrender to the Trustee for cancellation any Bonds previously authenticated and delivered that VRA may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired as provided in this Article.

**Section 13.4 Defeasance of Variable Rate Bonds and Optional Tender Bonds.** The provisions of this Article XIII may be modified by the Related Supplemental Series Resolutions with respect to Bonds of any Series that constitute Variable Rate Bonds and/or Optional Tender Bonds.

#### **ARTICLE XIV DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND OWNERS**

**Section 14.1 Events of Default.** (a) The occurrence and continuation of one or more of the following events shall constitute an Event of Default under this Master Indenture:

(1) default in the payment of any installment of interest in respect of any Bond as the same shall become due and payable; or

(2) default in the payment of the principal of or premium, if any, in respect of any Bond as the same shall become due and payable either at maturity, upon redemption, or otherwise; or

(3) default in the payment of any Amortization Requirement in respect of any Term Bond as the same shall become due and payable; or

(4) failure on the part of VRA duly to observe or perform any other of the covenants or agreements on the part of VRA contained in this Master Indenture, in the Related Supplemental Series Indenture, the Related Tax Regulatory Agreement or in any Bond of such Series for a period of thirty (30) days after the date on which written notice of such failure, requiring VRA to remedy the same, shall have been given to VRA by the Trustee; provided that, if such failure cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by VRA within such period and is diligently pursued until the failure is corrected.

(b) Unless the Related Supplemental Series Indenture shall expressly so provide, the remedy of acceleration shall not be available to the Owners of any Series of Bonds. VRA may, pursuant to a Supplemental Series Indenture, provide for a particular Series of Bonds different or additional Events of Default and remedies upon the occurrence thereof including, but not limited to, Events of Default upon the occurrence of events specified in any agreement entered into in connection with the delivery of a Bond Credit Facility and acceleration of the full principal amount of such Bonds.

**Section 14.2 Judicial Proceedings by Trustee.** Upon the happening and continuance of any Event of Default, then in every such case the Trustee in its discretion may, and upon the written request of the Owners of at least twenty five percent (25%) in aggregate principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall (i) by suit, action or special proceeding, enforce all rights of the Owners of the Bonds and require VRA to perform its or their duties under the Act, the Bonds, this Master Indenture and the Related Supplemental Series Indenture (ii) bring suit upon the Bonds which may be in default, (iii) by action or suit in equity require VRA to account as if it were the trustee of an express trust for the Owners of such Series of Bonds, or (iv) by action or suit in equity enjoin any actions or things which may be unlawful or in violation of the rights of the Owners of such Series of Bonds.

**Section 14.3 Power of Owners to Direct Proceedings.** Anything in this Master Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under this Master Indenture in connection with the Bonds, subject, however, to the provisions of this Master Indenture, and provided, however, that such direction shall not be in conflict with any rule or law or with any provision of this Master Indenture and shall not unduly prejudice the rights of the Owners who are not in such majority and shall not involve the Trustee in liabilities for which it does not reasonably expect reimbursement. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

**Section 14.4 Limitations on Suits.** Except to enforce the rights given under Section 14.7, no Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Master Indenture, unless (i) an Event of Default has occurred and is continuing of which the Trustee has been notified as provided in Section 15.1(h), or of which by such Section it is deemed to have notice, (ii) the Owners of not less than twenty-five percent in aggregate principal amount of the Bonds then Outstanding have made written request to the

Trustee and offered it reasonable opportunity either to proceed to exercise the powers granted to it or to institute such action, suit or proceeding in its own name, (iii) they have offered to the Trustee indemnity as provided in Section 15.1(l), (iv) the Trustee has for thirty days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding, (v) no direction inconsistent with such written request has been given to the Trustee during such thirty day period by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit or proceeding is given to the Trustee. It is intended that no one or more Owners shall have any right to affect, disturb or prejudice this Master Indenture or to enforce any right under it except as provided herein, and that all proceedings at law or in equity shall be instituted and maintained as provided in this Master Indenture and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and offer of indemnity set forth above, at the Trustee's option, shall be conditions precedent to any action or cause of action for the enforcement of this Master Indenture or for any other remedy under it.

**Section 14.5 Application of Funds.** All amounts received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such amounts, the expenses, liabilities and advances incurred or made by the Trustee and the fees of the Trustee and the expenses of VRA in carrying out the provisions of this Master Indenture, be deposited in an appropriate Account established hereunder. All such amounts in such Account shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or shall have been declared due and payable all such money shall be applied:

First - To the payment to the Owners entitled to it of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Owners entitled to it, without any discrimination or preference; and

Second - To the payment to the Owners entitled to it of the unpaid principal of any of the Bonds that shall have become due (other than such Bonds called for redemption for the payment of which money is held under the provisions of this Master Indenture), with interest on such Bonds at the rate specified in them from the date on which they became due and, if the amount available shall not be sufficient to pay in full the Bonds due on any particular date, together with such interest, then first to the payment of such interest, ratably, according to the amount of such interest due on such date, and then to the payment of such principal, ratably, according to the amount of such principal due on such date, to the Owners entitled to them, without any discrimination or preference.

(b) If the principal of all of the Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid on such Bonds, without preference or priority of principal over

interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably, according to the amounts due respectively for principal and interest, to the Owners entitled to it, without any discrimination or preference.

(c) If the principal of all of the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Master Indenture, then, subject to the provisions of subsection (b) of this Section if the principal of all the Bonds shall later become due or be declared due and payable, the money shall be applied under the provisions of subsection (a) of this Section.

Whenever money is to be applied under this Section, such money shall be applied at such times and from time to time as the Trustee shall determine, having due regard for the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall apply such money, it shall fix the date on which application is to be made and on such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such money and of the fixing of any such date, and shall not be required to make payment to the Owner of any Bond until that Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 14.6 Remedies Vested in Trustee.** All rights of action (including the right to file proof of claims) under any of the Bonds or this Master Indenture may be enforced by the Trustee without the possession of any of the Bonds or their production in any trial or other related proceeding and any such suit or proceeding the Trustee institutes may be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners, and any recovery or judgment shall be for the equal benefit of the Owners of the Outstanding Bonds.

**Section 14.7 Unconditional Right To Receive Principal and Interest.** Nothing in this Master Indenture shall, however, affect or impair the right of any Owner to enforce, by action at law, VRA's obligation to pay the principal of or premium, if any, or interest on his or her Bond at and after its maturity or on the date fixed for its redemption or upon the same being declared due before maturity as provided in this Master Indenture and the Related Supplemental Series Indenture, from the sources provided and in the manner set forth in this Master Indenture, the Related Supplemental Series Indenture and in the Bond.

**Section 14.8 Termination of Proceedings.** If the Trustee shall have commenced the enforcement of any right under this Master Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, VRA and the Trustee shall be restored to their former positions and rights under this Master Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 14.9 Waivers of Events of Default; Effect of Waiver.** (a) The Trustee shall waive any Event of Default and its consequences and rescind any declaration of acceleration at the written request of the Owners of a majority in aggregate principal amount of all of the Bonds then Outstanding. If any Event of Default has been waived as provided in this Master Indenture,

the Trustee will promptly give written notice of the waiver to VRA and by first class mail, postage prepaid, to all of the Owners of the Bonds then Outstanding if the Owners had previously been given notice of the Event of Default. No waiver, rescission and annulment will extend to or affect any subsequent Event of Default or impair any right, power or remedy available under this Master Indenture.

(b) No delay or omission of the Trustee or of any Owner to exercise any right, power or remedy accruing upon any default or Event of Default will impair any such right, power or remedy or will be construed to be a waiver of or acquiescence in any such default or Event of Default. Every right, power and remedy given by this Article to the Trustee and to the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

**Section 14.10 Rights of Bond Credit Provider.** Notwithstanding anything contained in this Master Indenture to the contrary, until VRA has reimbursed a Bond Credit Provider for amounts paid under a Bond Credit Facility to pay the interest on or the principal of any Bonds on any Payment Date, (i) such Bonds shall be deemed to be Outstanding and such Bond Credit Provider shall succeed to the rights and interests of the Owners to the extent of the amounts paid under the Bond Credit Facility until such amounts have been reimbursed and (ii) upon presentation to the Trustee, such Bond shall be registered in the name of the Bond Credit Provider or its nominee.

## ARTICLE XV THE TRUSTEE

**Section 15.1 Acceptance of Trusts and Obligations.** The Trustee hereby accepts the trusts and obligations imposed upon it by this Master Indenture and agrees to perform such trusts and obligations, but only upon and subject to the following express terms and conditions and no implied covenants or obligations shall be read into this Master Indenture against the Trustee:

(a) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Master Indenture and as a corporate trustee ordinarily would perform such duties under a corporate indenture. If an Event of Default has occurred (that has not been cured or waived), the Trustee shall exercise such of the rights and powers vested in it by this Master Indenture and the Related Supplemental Series Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee may execute any of the trusts or powers of this Master Indenture and perform any of its duties by or through attorneys, accountants, agents, receivers or employees, but shall be answerable for the conduct of the same in accordance with the standards specified in subsection (a) of this Section and shall be entitled to act on the opinion or advice of its counsel concerning all matters of trust and the duties under this Master Indenture, and may be reimbursed for reasonable compensation to all such attorneys, accountants, agents, receivers and employees as may reasonably be employed in connection with this Master Indenture. The Trustee may act on an Opinion of Counsel and shall not be responsible for any loss or damage

resulting from any action or nonaction by it taken or omitted to be taken in good faith in reliance on such Opinion of Counsel.

(c) The Trustee shall not be responsible for any recital in this Master Indenture or in the Bonds (except in respect to the certificate of authentication of the Trustee endorsed on the Bonds), or for the filing or re-filing of any financing or continuation statement or other document or instrument, or for insuring any property of VRA or collecting any insurance money, or for the validity of VRA's execution of this Master Indenture or of any supplements to it or instruments of further assurance, or for the sufficiency of the security for the Bonds. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of money made by it in accordance with Article XII.

(d) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered under this Master Indenture. The bank or trust company acting as Trustee and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in the Bonds and may join in any action which any Owner may be entitled to take with like effect as if such bank or trust company were not the Trustee. To the extent permitted by law, such bank or trust company may also receive tenders and purchase in good faith Bonds from itself, including any department, affiliate or subsidiary, with like effect as if it were not the Trustee.

(e) The Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee under this Master Indenture at the request, authority or consent of any Person who at the time of making such request or giving such authority or consent is the Owner of any Bond shall be conclusive and binding on all future Owners of the same Bond and on Bonds issued in exchange for it or in place of it.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely on a certificate signed on VRA's behalf by a VRA Representative as sufficient evidence of the facts therein contained and, before the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section, or of which by such subsection it is deemed to have notice, may also accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of VRA's Executive Director under VRA's seal to the effect that an attached resolution has been adopted by VRA as conclusive evidence that such resolution has been duly adopted and is in full force and effect.

(g) The Trustee's permissive right to do things enumerated in this Master Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful default.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default under this Master Indenture, except defaults arising from the failure by

VRA to make any payments due on the Bonds or, the failure by VRA to file with the Trustee any document required by this Master Indenture to be so filed unless the Trustee shall be notified of such default by VRA or by the Owners of not less than twenty-five percent in aggregate principal amount of Bonds then Outstanding.

(i) The Trustee shall not be required to give any bond or surety with respect to the execution of its rights and obligations under this Master Indenture.

(j) Notwithstanding any other provision of this Master Indenture, the Trustee shall have the right, but shall not be required, to demand, as a condition of (i) any action by the Trustee in respect of the authentication of any Bonds, (ii) the withdrawal of any cash, (iii) the release of any property or (iv) any action whatsoever within the purview of this Master Indenture, any showings, certificates, opinions, appraisals or other information or corporate action or evidence thereof reasonably required by the Trustee, in addition to that required by the terms of this Master Indenture.

(k) All money the Trustee receives shall, until used or applied or invested as provided in this Master Indenture, be held in trust for the purposes for which it was received but need not be segregated from other funds except to the extent required by this Master Indenture or by law. The Trustee shall not be under any liability for interest on any money received under this Master Indenture except as may be agreed upon in writing.

(l) Before taking any action under this Master Indenture, the Trustee may require that indemnity to its satisfaction be furnished to it for the reimbursement of all expenses which may be incurred by it and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful default.

**Section 15.2 Fees, Charges and Expenses of Trustee.** The Trustee shall be entitled to payment and reimbursement for such fees, charges and expenses as may specifically be agreed upon with VRA and, absent such agreement, for reasonable fees for services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of, premium, if any, and interest on any Bond upon the Net Revenues for the foregoing fees, charges and expenses incurred by Trustee.

**Section 15.3 Notice Required of Trustee.** If VRA fails to make any payment on a Bond, on the day such payment is due and payable, the Trustee shall give notice thereof by telephone or telegram to VRA on the next succeeding Business Day. If (i) any such failure to make a payment continues for thirty days, or (ii) the Owners of not less than twenty-five percent in aggregate principal amount of Bonds then Outstanding notify the Trustee of any default under this Master Indenture, then the Trustee shall give notice of such default by registered or certified mail to the Owner of each Bond then Outstanding. The Trustee's failure to give any notice required by this Section shall not subject the Trustee to any liability to any person, firm, corporation or other entity, including, but not limited to, VRA and the Owners, nor shall such failure relieve VRA of its obligation to make payments under the Bonds and this Master Indenture or waive the Trustee's right to exercise its remedies under this Master Indenture.

**Section 15.4 Intervention by Trustee.** In any judicial proceeding to which VRA is a party and that in the Trustee's opinion has a substantial bearing on the Owners' interests, the Trustee may intervene on the Owners' behalf and, subject to Section 15.1(I), shall do so if requested by the Owners of not less than twenty-five percent in aggregate principal amount of Bonds then Outstanding. The Trustee's rights and obligations under this Section are subject to the approval of a court of competent jurisdiction.

**Section 15.5 Merger or Consolidation of Trustee.** Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Trustee under this Master Indenture and vested with all the trusts, powers, discretion, immunities, privileges and all other matters as were vested in its predecessor without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to this Master Indenture, anything herein to the contrary notwithstanding, if such corporation or association satisfies the requirements of the last sentence of Section 15.8.

**Section 15.6 Resignation by Trustee.** If the Trustee desires to resign at any time from the trusts created by this Master Indenture, it shall give notice to VRA and each Owner of Bonds then Outstanding, but shall continue to serve as Trustee until such time as a successor Trustee is appointed. The Trustee shall have the right to petition a court of competent jurisdiction for appointment of a successor Trustee and such resignation shall become effective upon designation of such successor Trustee.

**Section 15.7 Removal of Trustee.** The Trustee may be removed at any time (i) by an instrument or concurrent instruments in writing delivered to the Trustee and to VRA and signed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding or (ii) by VRA by notice in writing given by a VRA Representative to the Trustee sixty days before the removal date; provided, however, that VRA shall have no right to remove the Trustee during any time when an Event of Default has occurred and is continuing or when an event has occurred and is continuing or condition exists that with the giving of notice or the passage of time, or both, would be an Event of Default. The removed Trustee shall return to VRA the amount of the Trustee's annual fee allocable to the portion of the then current year remaining after the removal date. Notwithstanding the foregoing, nothing contained in this Master Indenture shall relieve VRA of its obligation to pay the Trustee's fees and expenses incurred to the date of such removal.

**Section 15.8 Appointment of Successor Trustee; Temporary Trustee.** If the Trustee shall resign, be removed, be dissolved, be in the course of dissolution or liquidation or otherwise become incapable of acting hereunder, or if it shall be taken under the control of any public officer or officers or of a receiver appointed by a court, then, unless an Event of Default has occurred and is continuing, a successor may be appointed by VRA by an instrument in writing signed by a VRA Representative. If an Event of Default has occurred and is continuing, a successor may be appointed by the Owners of a majority in aggregate principal amount of Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Owners. In case of such vacancy, VRA, by an instrument signed by a VRA Representative, may appoint a

temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners as provided above and any such temporary Trustee so appointed by VRA shall immediately and without further act be replaced by the Trustee so appointed by such Owners. Any Trustee appointed under this Section shall be, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, (i) a bank or trust company within or without the Commonwealth of Virginia, in good standing and having a reported capital, surplus and undivided profits of not less than \$50,000,000, or (ii) a subsidiary trust company whose parent bank or bank holding company has undertaken to be fully responsible for the acts and omissions of such subsidiary trust company, and whose capital, surplus and undivided profits, together with that of its parent bank or bank holding company, as the case may be, is not less than \$50,000,000.

**Section 15.9 Concerning any Successor Trustee.** Every successor Trustee appointed under this Master Indenture shall execute, acknowledge and deliver to its predecessor and also to VRA an instrument in writing accepting such appointment, and thereafter such successor, without any further act, deed or conveyance, shall become fully vested with all the properties, rights, powers, trusts, duties and obligations of its predecessor. Such predecessor shall, nevertheless, on the written request of VRA or the Trustee's successor, execute and deliver an instrument transferring to such successor Trustee all the properties, rights, powers and trusts of such predecessor under this Master Indenture; and every predecessor Trustee shall deliver all securities and money held by it as Trustee under this Master Indenture to its successor. Should any instrument in writing from VRA be required by any successor Trustee for more fully and certainly vesting in such successor the properties, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by VRA. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Trustee in each recording office where this Master Indenture may have been filed and/or recorded.

**Section 15.10 Trustee Protected in Relying on Resolutions.** The resolutions, opinions, certificates and other instruments provided for in this Master Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property, the withdrawal of cash hereunder or the taking of any other action by the Trustee as provided under this Master Indenture, unless the Trustee has actual knowledge or notice to the contrary.

**Section 15.11 Appointment of and Acceptance of Paying Agent.** VRA may at any time or from time to time appoint one or more Paying Agents for each Series of Bonds in the manner and subject to the conditions set forth in Section 15.12 for the appointment of a successor Paying Agent. Unless another Paying Agent is appointed for a Series of Bonds in the Related Supplemental Series Indenture, the Trustee shall serve as Paying Agent. Each Paying Agent (other than the Trustee) will signify its acceptance of the duties and obligations imposed on it under this Master Indenture and any Supplemental Indenture by written instrument of acceptance deposited with VRA and the Trustee.

**Section 15.12 Resignation or Removal of Paying Agent; Appointment of Successor.**

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Master Indenture by giving at least sixty days written notice to VRA and the Trustee. Any Paying Agent may be removed at any time by an instrument signed by a VRA Representative and filed with the Paying Agent and the Trustee. Any successor Paying Agent shall be appointed by VRA, and shall be a bank or trust company duly organized under the laws of the United States or any of its states or territories, having a capital stock and surplus aggregating at least \$50,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon the Paying Agent by this Master Indenture and any Supplemental Indenture.

In the event of the resignation or removal of any Paying Agent, the Paying Agent shall pay over, assign and deliver any money held by it as Paying Agent to its successor or to the Trustee. In the event that for any reason there is a vacancy in the office of any Paying Agent, the Trustee shall act as such until a new Paying Agent is appointed.

**Section 15.13 Notification to Rating Agency.** The Trustee shall notify the Rating Agency of (i) any amendment to this Master Indenture or the Supplemental Indentures, (ii) the appointment of any successor Trustee under this Master Indenture, and (iii) the payment or redemption in full of the Bonds. Notice of any of the foregoing shall be given to the Rating Agency before or as soon as possible after its occurrence.

**ARTICLE XVI  
SUPPLEMENTAL INDENTURES**

**Section 16.1 Supplemental Indentures Not Requiring Consent of Owners.** VRA and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of this Master Indenture or any Supplemental Series Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Master Indenture;
- (b) To grant to or confer on the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Owners or the Trustee or either of them;
- (c) To subject to the lien and pledge of this Master Indenture additional revenues, properties or collateral;
- (d) To modify, amend or supplement this Master Indenture or any indenture supplemental to it as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and, if VRA and the Trustee so determine, to add to this Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute;

(e) To add to the covenants and agreements of VRA contained in this Master Indenture other covenants and agreements thereafter to be observed for the Owners' protection, including, but not limited to, additional requirements imposed by virtue of a change of law, or to surrender or to limit any right, power or authority therein reserved to or conferred upon VRA;

(f) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds;

(g) In the case of Supplemental Series Indentures, to provide for the issuance of additional Series of Bonds (including Refunding Bonds) and to provide for such other related matters as may be required or contemplated by or appropriate under this Master Indenture;

(h) To provide for the cross-collateralization of any Series of Bonds with all or a portion of the bonds issued to fund the public drinking water system program, provided that no such change shall cause a reduction in the rating thus assigned by any Rating Agency to any Bond then Outstanding;

(i) To make any changes necessary to comply with the requirements of a Rating Agency or of a Credit Provider that, as expressed in a finding or determination by VRA (which is included in the Supplemental Indenture), would not materially adversely affect the security for the Bonds;

(j) To make any changes to insert any provision into or delete or amend any provision of this Master Indenture or any Supplemental Series Indenture provided that such insertion, deletion or amendment is (i) permitted by the Clean Water Act and the Act and (ii) will not adversely affect the ratings then assigned to any Bonds Outstanding by any Rating Agency; and

(k) To make any other changes that as expressed in a determination or finding by VRA (which shall be stated in the Supplemental Indenture, and may be based upon opinions of counsel to VRA, Bond Counsel and/or VRA's financial advisor), shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding.

**Section 16.2 Supplemental Indentures Requiring Consent.** (a) Exclusive of Supplemental Indentures covered by Section 16.1 and subject to the terms and provisions contained in this Section, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time, notwithstanding any other provision of this Master Indenture, to consent to and approve the execution by VRA and the Trustee of such other Supplemental Indenture or Supplemental Indentures as VRA shall deem necessary or desirable to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Master Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Bonds then Outstanding nothing in this Master Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest on it, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture.

(b) If at any time VRA shall request the Trustee to enter into a Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of the Supplemental Indenture to be mailed to each Owner of Bonds then Outstanding by registered or certified mail to the address of each such Owner as it appears on the registration books for the Bonds; provided, however, that failure to give such notice by mailing, or any defect in it, shall not affect the validity of any proceedings under this Section. Such notice shall briefly state the nature of the proposed Supplemental Indenture and shall state that copies of it are on file at the Trustee's designated corporate trust office for inspection by all Owners. If, within six months or such longer period as shall be prescribed by VRA following the giving of such notice, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have consented to and approved its execution as provided under this Section, no Owner of any Bond shall have any right to object to any of the terms and provisions contained in it, or its operation, or in any manner to question the propriety of its execution, or to enjoin or restrain the Trustee or VRA from executing such Supplemental Indenture or from taking any action under its provisions. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Master Indenture shall be and be deemed to be modified and amended in accordance therewith.

(c) Bonds owned or held by or for the account of VRA or any Person controlling, controlled by or under common control with VRA shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds provided for in this Article XVI. At the time of any such calculation, VRA shall furnish the Trustee a certificate of a VRA Representative, upon which the Trustee may rely, describing all Bonds so to be excluded.

(d) Anything contained in this Master Indenture to the contrary notwithstanding, VRA and the Trustee may enter into any Supplemental Indenture upon receipt of the consent of the Owners of all Bonds then Outstanding.

**Section 16.3 Opinion of Counsel Required.** The Trustee shall not execute any Supplemental Indenture unless there shall have been filed with the Trustee an Opinion of Counsel, subject to customary exceptions and qualifications, stating that such Supplemental Indenture is authorized or permitted by this Master Indenture and complies with its terms and that upon execution it will be valid and binding on VRA in accordance with its terms and that the Supplemental Indenture will have no adverse effect on the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

**Section 16.4 No Unreasonable Refusal.** The Trustee shall not unreasonably refuse to enter into any Supplemental Indenture permitted under this Article; provided, however, that such refusal shall not be deemed unreasonable if the Trustee believes in good faith that such Supplemental Indenture will or may prejudice any right of the Owners of the Bonds then Outstanding or adversely affect the rights and immunities, or increase the duties, of the Trustee.

## ARTICLE XVII MISCELLANEOUS

**Section 17.1 Consents of Owners.** Any consent, request, direction, approval, objection or other instrument required by this Master Indenture to be signed and executed by the Owners of the Bonds may be in any number of concurrent writings of similar tenor and may be signed or executed by such Owners in person or by agents appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agents, if made in the manner stated in the next sentence, shall be sufficient for any of the purposes of this Master Indenture, and shall be conclusive in the Trustee's favor with regard to any action taken under such request or other instrument. The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before such officer the execution thereof, or by affidavit of any witness to such execution.

**Section 17.2 Limitation of Rights.** With the exception of the rights expressly conferred in this Master Indenture, nothing expressed or mentioned or to be implied from this Master Indenture or the Bonds is intended or shall be construed to give to any person or entity other than the parties to this Master Indenture and the Owners any legal or equitable right, remedy or claim under or in respect to this Master Indenture or any covenants, conditions and agreements contained in it; this Master Indenture and all of the covenants, conditions and agreements in it being intended to be and being for the sole and exclusive benefit of the parties to it and the Owners.

**Section 17.3 Limitation of Liability of Directors, Officers, Etc., of Authority and the Trustee.** No covenant, agreement or obligation contained in this Master Indenture shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee or agent of VRA or the Trustee in his or her individual capacity, and neither the directors of VRA or the Trustee nor any officer, employee or agent thereof executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of their execution or issuance. No director, officer, employee, agent or adviser of VRA or the Trustee shall incur any personal liability with respect to any action taken by him or her under this Master Indenture or the Act, provided such director, officer, employee, agent or adviser acts in good faith.

**Section 17.4 Notices.** Unless otherwise provided in this Master Indenture, all demands, notices, approvals, consents, requests, opinions and other communications under this Master Indenture shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail addressed (i) if to VRA, at 707 East Main Street, Suite 1350, Richmond, Virginia 23219, Attention: Executive Director; or (ii) if to the Trustee, at 919 East Main Street, HDQ 5310, 10<sup>th</sup> Floor, Richmond, Virginia 23219, Attention: Corporate Trust Division. VRA and the Trustee may by notice given under this Section, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or persons to whose attention the same shall be directed.

**Section 17.5 Successors and Assigns.** This Master Indenture shall be binding on, inure to the benefit of and be enforceable by the parties to it and their respective successors and assigns.

**Section 17.6 Severability.** If any clause, provision or section of this Master Indenture be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections of this Master Indenture, and this Master Indenture shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in it. If any agreement or obligation contained in this Master Indenture be held to be in violation of law, then such agreement or obligation shall be deemed to be the agreement or obligation of the parties to this Master Indenture to the full extent permitted by law.

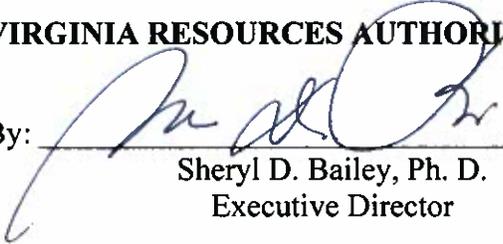
**Section 17.7 Applicable Law.** This Master Indenture shall be governed by the laws of Virginia.

**Section 17.8 Counterparts.** This Master Indenture may be executed in several counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

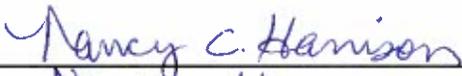
**[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, VRA and the Trustee have caused this Master Indenture to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**VIRGINIA RESOURCES AUTHORITY**

By:   
Sheryl D. Bailey, Ph. D.  
Executive Director

**U.S. BANK NATIONAL ASSOCIATION,**  
as Trustee

By:   
Name: Nancy C. Harrison  
Title: Vice President

**[SIGNATURE PAGE OF AMENDED AND RESTATED MASTER TRUST  
INDENTURE]**