

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2015**
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____ to ____

Commission file number **001-37386**



FORTRESS
TRANSPORTATION
& INFRASTRUCTURE

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

32-0434238

(I.R.S. Employer Identification No.)

1345 Avenue of the Americas, New York, NY

(Address of principal executive offices)

10105

(Zip Code)

(Registrant's telephone number, including area code) **(212) 798-6100**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:

Class A common shares

Name of exchange on which registered:

New York Stock Exchange (NYSE)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the voting and non-voting common equity of Fortress Transportation and Infrastructure Investors LLC held by non-affiliates as of the close of business as of June 30, 2015 was \$400 million.

There were 75,730,165 common shares representing limited liability company interests outstanding at March 8, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the registrant's 2016 annual meeting, to be filed within 120 days after the close of the registrant's fiscal year, are incorporated by reference into Part III of this Annual Report on Form 10-K.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

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FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact but instead are based on our present beliefs and assumptions and on information currently available to the Company. You can identify these forward-looking statements by the use of forward-looking words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," "target," "projects," "contemplates" or the negative version of those words or other comparable words. Any forward-looking statements contained in this report are based upon our historical performance and on our current plans, estimates and expectations in light of information currently available to us. The inclusion of this forward-looking information should not be regarded as a representation by us, that the future plans, estimates or expectations contemplated by us will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial condition, business, prospects, growth strategy and liquidity. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to:

- changes in economic conditions generally and specifically in our industry sectors, and other risks relating to the global economy;
- reductions in cash flows received from our assets, as well as contractual limitations on the use of our aviation assets to secure debt for borrowed money;
- our ability to take advantage of acquisition opportunities at favorable prices;
- a lack of liquidity surrounding our assets, which could impede our ability to vary our portfolio in an appropriate manner;
- the relative spreads between the yield on the assets we acquire and the cost of financing;
- adverse changes in the financing markets we access affecting our ability to finance our acquisitions;
- customer defaults on their obligations;
- our ability to renew existing contracts and win additional contracts with existing or potential customers;
- the availability and cost of capital for future acquisitions;
- concentration of a particular type of asset or in a particular sector;
- competition within the aviation, energy, intermodal transport and rail sectors;
- the competitive market for acquisition opportunities;
- risks related to operating through joint ventures or partnerships or through consortium arrangements;
- obsolescence of our assets or our ability to sell, re-lease or re-charter our assets;
- exposure to uninsurable losses and force majeure events;
- infrastructure operations may require substantial capital expenditures;
- the legislative/regulatory environment and exposure to increased economic regulation;
- exposure to the oil and gas industry's volatile oil and gas prices;
- difficulties in obtaining effective legal redress in jurisdictions in which we operate with less developed legal systems;
- our ability to maintain our exemption from registration under the 1940 Act and the fact that maintaining such exemption imposes limits on our operations;
- our ability to successfully utilize leverage in connection with our investments;
- foreign currency risk and risk management activities;
- effectiveness of our internal controls over financial reporting;
- exposure to environmental risks, including increasing environmental legislation and the broader impacts of climate change;

- changes in interest rates and/or credit spreads, as well as the success of any hedging strategy we may undertake in relation to such changes;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- our dependence on our Manager and its professionals and conflicts of interest in our relationship with our Manager;
- volatility in the market price of our common shares;
- the inability to pay dividends to our shareholders in the future; and
- other risks described in the "Risk Factors" section of this report.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. We do not undertake any obligation to publicly update or review any forward-looking statement except as required by law, whether as a result of new information, future developments or otherwise.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, our actual results may vary materially from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. Furthermore, new risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us.

PART I

Item 1. Business

Our Company

Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company (the “Company”), was formed on February 19, 2014. Except as otherwise specified, “FTAI”, “we”, “us”, “our”, and “the Company” refer to the Company and its consolidated subsidiaries, including Fortress Worldwide Transportation and Infrastructure General Partnership (“Holdco”). Our business has been, and will continue to be, conducted through Holdco for the purpose of acquiring, managing and disposing of transportation and transportation-related infrastructure and equipment assets. Fortress Worldwide Transportation and Infrastructure Master GP LLC (the “Master GP”), owns 0.05% of Holdco and is the general partner of Holdco, which was formed on May 9, 2011 and commenced operations on June 23, 2011.

Pursuant to a management agreement, we are externally managed and advised by FIG LLC (the “Manager”), an affiliate of Fortress Investment Group LLC (“Fortress”). Fortress is a leading global investment management firm with \$70.5 billion of assets under management as of December 31, 2015, and has a dedicated team of professionals who collectively have acquired over \$17 billion in transportation-related assets since 2002.

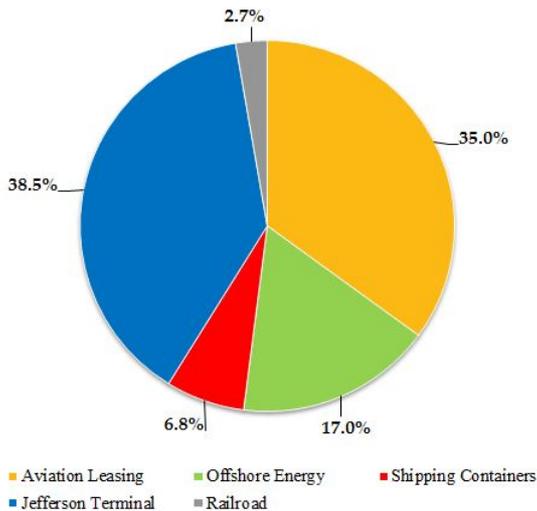
We own and acquire high quality infrastructure and equipment that is essential for the transportation of goods and people globally. We currently invest across four market sectors: aviation, energy, intermodal transport and rail. We target assets that, on a combined basis, generate strong and stable cash flows with the potential for earnings growth and asset appreciation. Our existing mix of assets provides significant cash flows as well as organic growth potential through identified projects. In addition, we believe that there are a large number of acquisition opportunities in our target sectors and that our Manager’s expertise and business and financing relationships, together with our access to capital, will allow us to take advantage of these opportunities. As of December 31, 2015, we had total consolidated assets of \$1.6 billion and total equity of \$1.3 billion.

Our operations consist of two primary strategic business units - Infrastructure and Equipment Leasing. Our Infrastructure Business acquires long-life assets or operating businesses that provide mission-critical services or functions to transportation networks and typically have high barriers to entry, strong margins, stable cash flows and upside from earnings growth and asset appreciation driven by increased use and inflation. Our Equipment Leasing Business acquires assets that are designed to carry cargo or people or provide functionality to transportation infrastructure. Transportation equipment is typically long-lived, moveable and leased by us to companies that provide transportation services on either operating leases or finance leases. Our leases generally provide for long-term contractual cash flow with high cash-on-cash yields and may include structural protections to mitigate credit risk. We believe that our existing asset base provides stable cash flow generation with over half of our revenue contracted and the remainder coming from markets with stable or growing demand outlook.

The charts below illustrate our existing assets, and our equity deployed in acquiring these assets separated by reporting segment as of December 31, 2015:

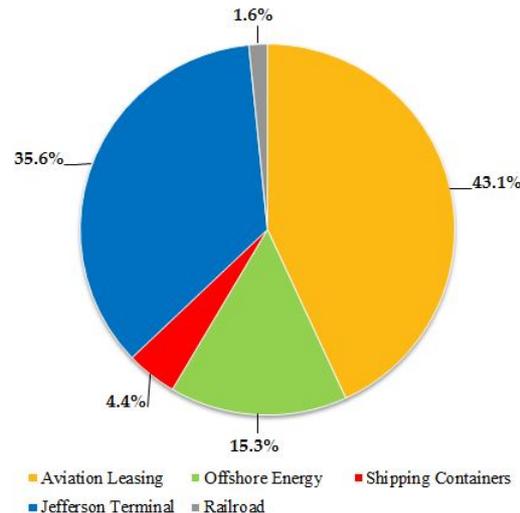
Percentage of Total Assets by Reportable Segment

(As of December 31, 2015)



Percentage of Total Equity Capital by Reportable Segment

(As of December 31, 2015)



Note:

- Excludes \$384 million of assets and \$380 million of equity reflected in our corporate operating segment.
- Jefferson Terminal and Railroad are included in our Infrastructure Business; Aviation Leasing, Offshore Energy and Shipping Containers are included in our Equipment Leasing Business.

Our Strategy

We invest across a number of major sectors within the transportation industry, including aviation, energy, intermodal transport and rail, and we may pursue acquisitions in other areas as and when they arise in the future. In general, we seek to own a diverse mix of high quality infrastructure and equipment within our target sectors that generate predictable cash flows, in markets that we believe provide the potential for strong long-term growth and attractive returns on deployed capital. We believe that by investing in a diverse mix of assets across sectors, we can select from among the best risk-adjusted investment opportunities, while avoiding overconcentration in any one segment, further adding to the stability of our business.

We take a proactive investment approach by identifying key secular trends as they emerge within our target sectors and then pursuing what we believe are the most compelling opportunities within those sectors. We look for unique investments, including assets that are distressed or undervalued, or where we believe that we can add value through active management. We consider investments across the size spectrum, including smaller opportunities often overlooked by other investors, particularly where we believe we may be able to grow the investment over time. We believe one of our strengths is our ability to create attractive follow-on investment opportunities and deploy incremental capital within our existing portfolio.

Within each sector, we consider investments in operating infrastructure as well as in equipment that we lease to operators. Within the rail sector, for example, we target rail lines and rail terminals (which we classify as infrastructure), as well as railcars (which on a stand-alone basis we classify as leasing equipment). We believe that as owners of both infrastructure and equipment assets, we have access to more opportunities and can be a more attractive counterparty to the users of our assets. Our Manager has significant prior experience in all of our target sectors, as well as a network of industry relationships, that we believe positions us well to make successful acquisitions and to actively manage and improve operations and cash flow of our existing and newly-acquired assets. These relationships include senior executives at lessors and operators, end users of transportation and infrastructure assets, as well as banks, lenders and other asset owners.

Asset Acquisition Process

Our strategy is to acquire assets that are essential to the transportation of goods and people globally. We acquire assets that are used by major operators of transportation and infrastructure networks. We seek to acquire assets and businesses that we believe operate in sectors with long-term macroeconomic growth opportunities and that have significant cash flow and upside potential

from earnings growth and asset appreciation.

We approach markets and opportunities by first developing an asset acquisition strategy with our Manager and then pursuing optimal opportunities within that strategy. In addition to relying on our own experience, we source new opportunities through our Manager's network of industry relationships in order to find, structure and execute attractive acquisitions. These relationships include senior executives at industry leading operators, end users of the assets as well as banks, lenders and other asset owners. We believe that sourcing assets both globally and through multiple channels will enable us to find the most attractive opportunities. We are selective in the assets we pursue and efficient in the manner in which we pursue them.

Once attractive opportunities are identified, our Manager performs detailed due diligence on each of our potential acquisitions. Due diligence on each of our assets always includes a comprehensive review of the asset itself as well as the industry and market dynamics, competitive positioning, and financial and operational performance. Where appropriate, our Manager conducts physical inspections, a review of the credit quality of each of our counterparties, the regulatory environment, and a review of all material documentation. In some cases, third-party specialists are hired to physically inspect and/or value the target assets.

We and our Manager also spend a significant amount of time on structuring our acquisitions to minimize risks while also optimizing expected returns. We employ what we believe to be reasonable amounts of leverage in connection with our acquisitions. In determining the amount of leverage for each acquisition, we consider a number of characteristics, including, but not limited to, the existing cash flow, the length of the lease or contract term, and the specific counterparty. While leverage on any individual asset may vary, we target overall leverage for our assets on a consolidated basis of no greater than 50% of total capital.

Management Agreement

In May 2015, in connection with the IPO, the Company entered into a new management agreement with the Manager, (the "Management Agreement"), an affiliate of Fortress, pursuant to which the Manager is paid annual fees in exchange for advising the Company on various aspects of its business, formulating its investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing its day-to-day operations, inclusive of all costs incidental thereto.

Under the Management Agreement, the Manager is entitled to a management fee, incentive allocations (comprised of income incentive allocation and capital gains incentive allocation, defined below) and reimbursement of certain expenses. The management fee is determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50%, and is payable monthly in arrears in cash.

The income incentive allocation is calculated and distributable quarterly in arrears based on the pre-incentive allocation net income for the immediately preceding calendar quarter (the "Income Incentive Allocation"). For this purpose, pre-incentive allocation net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with GAAP excluding the Company's pro rata share of (1) realized or unrealized gains and losses, and (2) certain non-cash or one-time items, and (3) any other adjustments as may be approved by the Company's independent directors. Pre-incentive allocation net income does not include any Income Incentive Allocation or Capital Gains Incentive Allocation (described below) paid to the Master GP during the relevant quarter.

A subsidiary of the Company allocates and distributes to the Master GP an Income Incentive Allocation with respect to its pre-incentive allocation net income in each calendar quarter as follows: (1) no Income Incentive Allocation in any calendar quarter in which pre-incentive allocation net income, expressed as a rate of return on the average value of the Company's net equity capital (excluding non-controlling interests) at the end of the two most recently completed calendar quarters, does not exceed 2.0% for such quarter (8.0% annualized); (2) 100% of pre-incentive allocation net income with respect to that portion of such pre-incentive allocation net income, if any, that is equal to or exceeds 2.00% but does not exceed 2.2223% for such quarter; and (3) 10.0% of the amount of pre-incentive allocation net income, if any, that exceeds 2.2223% for such quarter.

"Capital Gains Incentive Allocation" is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of the Company's pro rata share of cumulative realized gains from the date of the Company's initial public offering through the end of the applicable calendar year, net of the Company's pro rata share of cumulative realized or unrealized losses, the cumulative non-cash portion of equity-based compensation expenses and all realized gains upon which prior performance-based Capital Gains Incentive Allocation payments were made to the Master GP.

The Company pays all of its operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The Company will pay or reimburse the Manager and its affiliates for performing certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, provided that such costs and reimbursements are no greater than those which would be paid to outside professionals or consultants. The Manager is responsible for all of its other costs incident to the performance of its duties under the Management Agreement, including compensation of the Manager's employees, rent for facilities and other "overhead" expenses; the Company will not reimburse the Manager for these expenses.

If the Company terminates the Management Agreement, it will generally be required to pay the Manager a termination fee, as defined by the Management Agreement. Upon the successful completion of an offering of the Company's common shares or other equity securities (including securities issued as consideration in an acquisition), the Company will grant the Manager options to purchase common shares, as defined by the Management Agreement.

Please refer to Note 14 of our consolidated financial statements included in Item 8 in this Annual Report on Form 10-K for further details regarding our Management Agreement.

Our Portfolio

We own and acquire high quality infrastructure and equipment that is essential for the transportation of goods and people globally. We currently invest across four market sectors: aviation, energy, intermodal transport and rail. We target assets that, on a combined basis, generate strong and stable cash flows with the potential for earnings growth and asset appreciation.

Infrastructure

Jefferson Terminal

In August 2014, we and certain other Fortress affiliates purchased substantially all of the assets and assumed certain liabilities of Jefferson Terminal, a Texas-based group of companies developing crude oil and refined products logistics assets. As of December 31, 2015, our equity interest in Jefferson is approximately 60%, and other affiliates of Fortress own an additional approximately 20%.

Jefferson is currently developing a large multi-modal crude oil and refined products handling terminal at the Port of Beaumont, Texas (the "Port") and also owns several other key assets involved in the transportation and processing of crude oil and related products. The majority of Jefferson's revenue is expected to be derived from operations at Jefferson Terminal. Jefferson Terminal has a unique combination of direct rail service from three Class I railroads, barge docks and deep water ship loading capacity, capabilities to handle multiple types of crude oil including free-flowing crude as well as bitumen, and a prime location close to Port Arthur and Lake Charles, which are home to refineries with over 2.2 million barrels per day of capacity.

The terminal's prime location and excellent transportation connectivity make it ideally suited to provide logistics solutions to local refineries, including blending, storage and delivery of crude oil, ethanol, propane and refined products. Heavy and extra heavy crude from western Canada (extra heavy crude is predominantly known as 'bitumen') is in especially high demand in the Gulf Coast because refineries in the area are configured to handle heavier blends of crude (previously sourced almost exclusively from Mexico and Venezuela) than those in other parts of the U.S. Canadian bitumen offers Gulf Coast refineries an excellent feedstock, which is most cheaply and easily transported by rail rather than pipeline because of its high viscosity. Jefferson is one of only a few terminals in the Gulf that has the heated system capabilities to handle this type of heavy crude.

Jefferson Terminal is located on approximately 250 acres of land at the Port. Today, Jefferson leases 196 acres from the Port under three separate leases. The three leases have 50 year terms that terminate in June 2062 (20 acres), August 2063 (31 acres), and January 2065 (145 acres). As part of the leases, Jefferson has been granted the concession to operate as the sole handler of liquid hydrocarbons at the Port. Jefferson does not own any land at Jefferson Terminal, but does own the equipment and leasehold improvements carried out as part of the Jefferson Terminal build-out. The Port has invested over \$40 million in infrastructure which is being leased by Jefferson Terminal, and plans to invest another \$5 million over the next six to 12 months.

Jefferson has finished construction and begun operations on both the light oil unloading track (the "Light System"), which has the capacity to handle up to two unit trains (240 cars) per day of light, free-flowing crude, and the heavy oil unloading track (the "Heavy System"), which has the capacity to unload up to one unit train (120 cars) per day of heavy crude or bitumen requiring heating. In addition, Jefferson Terminal has two truck unloading bays, capable of handling approximately 50 trucks, each carrying 170 barrels, per day. In aggregate, including rail and truck handling, Jefferson Terminal has a total unloading capacity of 230,000 barrels per day, and storage tanks with capacity to hold approximately 700,000 barrels. Today, crude oil is brought into the Terminal by rail or truck and then either held in storage, or loaded directly onto a barge for transportation to one of the local refineries or larger storage hubs. We also have the ability to unload or load directly from or to an ocean-going ship (up to Aframax size), which would allow our customers to export crude oil or refined product. We are currently developing direct pipeline connections to local refineries, which will provide them with a lower cost of transportation to and from the Terminal.

In addition to Jefferson Terminal, Jefferson owns several other energy and transportation-related assets, including 300 tank railcars; a gas processing and condensate stabilization plant; pipeline rights-of-way; and an additional private marine terminal that can be developed to load refined petroleum products onto barges. These assets represent additional opportunities to generate stable, recurring cash flow and can be developed in the future to take advantage of the growing demand for crude oil transportation and processing assets. Over the next twelve months, we expect to invest equity capital to fund working capital needs and future construction as new take-or-pay contracts, which may require additional infrastructure, are executed.

CMQR

In the second quarter of 2014, we acquired via a bankruptcy proceeding certain assets and assumed certain liabilities of the Montreal, Maine & Atlantic Railroad ("MM&A"). Subsequent to the purchase, MM&A was renamed the Central Maine & Quebec Railroad ("CMQR").

CMQR is a 480-mile Class II railroad that runs from Montreal to the east coast of Maine, primarily transporting pulp and paper, construction products and chemicals. The CMQR offers the most direct route from ports in Montreal and on the east coast of the United States to manufacturers and other customers in Maine and Quebec. We believe that CMQR represents an investment in critical infrastructure with a captive customer base at an attractive valuation and significant growth potential. Following the acquisition close in June 2014, we put in place a new management team composed of a number of former RailAmerica, Inc. executives, including John Giles, the former CEO of RailAmerica, Inc.

Leasing Equipment

Aviation

We own and manage 60 aviation assets, including 18 commercial passenger aircraft and 42 commercial jet engines.

As of December 31, 2015, 17 of our commercial aircraft, and 23 of our jet engines were leased to operators or other third parties. Aviation assets currently off lease are either undergoing repair and/or maintenance, or are currently held in short term storage awaiting a future lease. On an equity-weighted basis, our aviation equipment was approximately 86% utilized as of December 31, 2015. Our aircraft assets currently have a weighted average remaining lease term of 33 months, and our engine assets currently on-lease have an average remaining lease term of 13 months. In each case, we work closely with our existing customers to extend current leases, thus avoiding downtime and remarketing costs. The chart below describes the assets in our Aviation Leasing segment:

Aviation Assets	Widebody	Narrowbody	Total
<i>Aircraft</i>			
Assets at January 1, 2015	2	11	13
Purchases	1	4	5
Sales	—	—	—
Assets at December 31, 2015	3	15	18
<i>Jet Engines</i>			
Assets at January 1, 2015	12	15	27
Purchases	7	17	24
Sales	(1)	(8)	(9)
Assets at December 31, 2015	18	24	42

Offshore Energy

We own one Anchor Handling Towing Supply ("AHTS") vessel, one construction support vessel, and one Remote Operated Vehicle ("ROV") support vessel. In addition, we have contracted with a Norwegian shipyard to build a new IMR vessel. We seek to lease our assets in our Offshore Energy segment on medium to long-term charters. Depending upon the charter, the charterer may assume the operating expense and utilization risk. The AHTS vessel is a 2010-built DP-1, 5,150 bhp vessel used in the offshore oil and gas industry. The AHTS vessel was built by Guangzhou Panyu Lingshan Shipyard Ltd. in China and is designed to provide support services to offshore platforms, rigs and larger construction vessels. The AHTS vessel has accommodation for 30 personnel and is equipped with an advanced firefighting system and rescue boat to provide standby / emergency rescue services and a winch with total bollard pull of 68.5 tons. The AHTS vessel is subject to a 10-year direct finance lease with a local Mexican operator. We own 100% of the AHTS vessel and our finance lease will expire in November 2023. The AHTS vessel is currently unlevered.

The construction support vessel is a 2014-built subsea construction support vessel for the SURF (subsea, umbilicals, risers, and flowlines), IMR, and Pipelay markets. The construction support vessel was built at Davie Shipyard in Quebec, Canada and is designed to provide a range of services including flexible and small-diameter rigid pipelay, cable lay, saturation diving, ROV support, well intervention, top hole drilling and subsea installation. Our construction support vessel has advanced dynamic positioning (DP-3) systems, a 250-ton subsea crane, a moon pool, 2,000 square meters of open deck space and 100-person accommodation. The construction support vessel finished its most recent charter during November 2015 and we expect to enter into a new charter for the vessel during Q1 2016. The construction support vessel is 50% levered as of December 31, 2015.

Our ROV support vessel is a 2011-built DP-2, 6,000 bhp ROV support vessel that is used in the offshore oil and gas industry. The ROV support vessel was built by Jaya Holdings at their yard in Batam, Indonesia and is designed to provide construction support services including ROV support, dive support, accommodation and subsea and platform lifts. The ROV support vessel has accommodation for 120 personnel, a moon pool, a 50-ton crane, and can carry up to three ROVs. As of December 31, 2015, the ROV support vessel was subject to a bareboat charter with a local Malaysian operator, who in turn leased the vessel to major oil companies in that region. On February 16, 2016, we terminated this lease arrangement and are currently actively pursuing a new lessee. We own 85% of the vessel. The ROV support vessel is currently unlevered.

Our IMR vessel is under construction at the Kleven Shipyard in Norway and is scheduled to be delivered during Q1 2016. The vessel is a DP-2 construction support and IMR vessel with a 150-ton crane, a moon pool, 1,100 square meters of deck space and accommodation for 90 personnel. The vessel will have reduced fuel consumption and lower emissions, and is designed for a broad range of construction support activities including ROV support, subsea installations, well intervention, top-hole drilling and supply and transport duties. We own 50% of the IMR vessel and our planned lessee is a co-owner of the remaining 50%. Upon delivery, we expect the the vessel will enter a bareboat charter. We expect to arrange debt financing for this vessel prior to delivery.

The chart below describes the assets in our Offshore Energy segment as of December 31, 2015:

Asset Type	Year Built	Description	Lease Expiration	Economic Interest (%)
AHTS Vessel	2010	Anchor handling tug supply vessel with accommodation for 30 personnel and a total bollard pull of 68.5 tons	November 2023	100%
Construction Support Vessel	2014	Construction support vessel with 250-ton crane, 2,000 square meter deck space, a moon pool, and accommodation for 100 personnel	Off-hire	100%
ROV Support Vessel	2011	Construction support vessel with accommodation for 120 personnel, a moon pool, and a 50-ton crane	April 2019 (1)	85%
IMR Vessel	Estimated Q1 2016	IMR vessel with 150-ton crane, 1,100 square meter deck space, a moon pool, accommodation for 90 personnel	Estimated March 2024	50%

⁽¹⁾ On February 16, 2016, the Company terminated its lease arrangement related to its ROV support vessel and is currently actively pursuing a new lessee.

Intermodal Transport

We own, either directly or through a joint venture, interests in approximately 138,000 maritime shipping containers and related equipment through three separate portfolios. The majority of these shipping containers are currently leased to operators or other third parties, and as of December 31, 2015 are 66.5% levered.

We own a 51% interest in a portfolio of approximately 96,000 shipping containers of various types, including both dry and refrigerated units. Of these, approximately 59,000 are subject to direct finance leases with five separate shipping lines, and the majority of those finance leases contain bargain purchase options at lease expiration. The remaining 37,000 containers in this portfolio are subject to operating leases with a large Asian shipping line with an average remaining lease term of approximately 0.3 years. Across the portfolio of 96,000 containers, the remaining average lease term is approximately one year.

Our second portfolio is comprised of approximately 39,000 shipping containers that are subject to a direct finance lease with a major Asian shipping line. The containers in this portfolio consist of 20' Dry, 40' Dry and 40' High Cube dry containers ("HC Dry"). The containers are subject to a direct finance lease that expires in December 2017, at which point the lessee has an obligation to purchase the containers at a fixed price. On March 9, 2016, the Company consummated the sale of this portfolio.

Our third portfolio is comprised of approximately 3,000 shipping containers and related equipment that are subject to direct finance leases with a major US-based shipping line. It consists of a mix of intermodal equipment, including 45' and 53' Dry Containers, generator sets, and 53' Chassis. The equipment is subject to direct finance leases that expire in ~0.5-2.5 years, at which point the lessee has an obligation to purchase the containers at a fixed price.

The chart below describes the assets in our Shipping Containers segment as of December 31, 2015:

Shipping Containers Assets					
Number	Type	Average Age	Lease Type	Customer Mix	Economic Interest (%)
Portfolio #1 96,000	20' Dry 20' Reefer 40' Dry 40' HC Dry 40' HC Reefer 45' Dry	~8 Years	Direct Finance Lease/Operating Lease	6 Customers	51%
Portfolio #2 39,000 ⁽¹⁾	20' Dry 40' Dry 40' HC Dry	~11 years	Direct Finance Lease	1 Customer	100%
Portfolio #3 3,000	45' Dry 53' Dry 53' Chassis	~7.5 years	Direct Finance Lease	1 Customer	100%

⁽¹⁾ On March 9, 2016, the Company consummated the sale of Portfolio #2.

Asset Management

Our Manager actively manages and monitors our portfolios of assets on an ongoing basis, and in some cases engages third parties to assist with the management of those assets. Invoices from each of our customers are typically issued and collected on a monthly basis. Our Manager frequently reviews the status of all of our assets, and in the case that any are returning from lease or undergoing repair, outlines our options, which may include the re-lease or sale of that asset. In the case of operating infrastructure, our Manager plays a central role in developing and executing operational, finance and business development strategies. On a periodic basis, our Manager discusses the status of our acquired assets with our board of directors.

In some situations, we may acquire assets through a joint venture entity or own a minority position in an investment entity. In such circumstances, we will seek to protect our interests through appropriate levels of board representation, minority protections and other structural enhancements.

We and our Manager maintain relationships with operators worldwide and, through these relationships, hold direct conversations as to leasing needs and opportunities. Where helpful, we reach out to third parties who assist in leasing our assets. As an example, we often partner with MRO facilities in the aviation sector to lease these engines and support airlines' fleet management needs.

While we expect to hold our assets for extended periods of time, we and our Manager continually review our assets to assess whether we should sell or otherwise monetize them. Aspects that will factor into this process include relevant market conditions, the asset's age, lease profile, relative concentration or remaining expected useful life.

Credit Process

We and our Manager monitor the credit quality of our various lessees on an ongoing basis. This monitoring includes interacting with our customers regularly to monitor collections, review period financial statements and discuss their operating performance. Most of our lease agreements are written with conditions that require reporting on the part of our lessees, and we actively reach out to our lessees to maintain contact and monitor their liquidity positions. Furthermore, many of our leases and contractual arrangements include credit enhancement elements that provide us with additional collateral or credit support to strengthen our credit position.

We are subject to concentrations of credit risk with respect to amounts due from customers on our direct finance leases and operating leases. We attempt to limit credit risk by performing ongoing credit evaluations. See "-Customers."

Customers

Our customers consist of global operators of transportation and infrastructure networks, including airlines, offshore energy service providers and major shipping lines. We maintain ongoing relationships and discussions with our customers and seek to have consistent dialogue. In addition to helping us monitor the needs and quality of our customers, we believe these relationships help source additional opportunities and gain insight into attractive opportunities in the transportation and infrastructure sector. Given our limited operating history, a substantial portion of our revenue has historically been derived from a small number of customers. For the years ended December 31, 2015 and 2014, we earned approximately 21.0% and 39.0%, respectively, of our revenue from our largest customers. We derive a significant percentage of our revenue within specific sectors from a limited number of customers. However, we do not think that we are dependent upon any particular customer, or that the loss of one or more of them would have a material adverse effect on our business or the relevant segment, because of our ability to release assets at similar terms following the loss of any such customer. See "Risk Factors-Contractual defaults may adversely affect our business,

prospects, financial condition, results of operations and cash flows by decreasing revenues and increasing storage, positioning, collection, recovery and lost equipment expenses.”

Competition

The business of acquiring, managing and marketing transportation and transportation-related infrastructure assets is highly competitive. Market competition for acquisition opportunities includes traditional transportation and infrastructure companies, commercial and investment banks, as well as a growing number of non-traditional participants, such as hedge funds, private equity funds, and other private investors.

Additionally, the markets for our products and services are competitive, and we face competition from a number of sources. These competitors include engine and aircraft parts manufacturers, aircraft and aircraft engine lessors, airline and aircraft services and repair companies, aircraft spare parts distributors, offshore services providers, maritime equipment lessors, shipping container lessors, container shipping lines, and other transportation and infrastructure equipment lessors.

We compete with other market participants on the basis of industry knowledge, availability of capital, and deal structuring experience and flexibility, among other things. We believe our Manager’s experience in the transportation and the transportation-related infrastructure industry and our access to capital, in addition to our focus on diverse asset classes and customers provides a competitive advantage versus competitors that maintain a single sector focus.

Environmental Regulations

We are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and noise and emission levels. Under some environmental laws in the United States and certain other countries, strict liability may be imposed on the owners or operators of assets, which could render us liable for environmental and natural resource damages without regard to negligence or fault on our part. We could incur substantial costs, including cleanup costs, fines and third-party claims for property or natural resource damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations in connection with our or our lessee’s or charterer’s current or historical operations. While we typically maintain liability insurance coverage and typically require our lessees to provide us with indemnity against certain losses, the insurance coverage is subject to large deductibles, limits on maximum coverage and significant exclusions and may not be sufficient or available to protect against any or all liabilities and such indemnities may not cover or be sufficient to protect us against losses arising from environmental damage. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance.

Employees

Our Manager provides a management team and other professionals who are responsible for implementing our business strategy and performing certain services for us, subject to oversight by our board of directors, and as a result, we have no employees other than 34 individuals employed by Jefferson and 124 individuals employed by CMQR, of which 47 CMQR employees are covered under a collective bargaining agreement that has currently expired and is under negotiation. From time to time, certain of our officers may enter into written agreements with us that memorialize the provision of certain services; these agreements do not provide for the payment of any cash compensation to such officers from us. The employees of our Manager are not a party to any collective bargaining agreement. In addition, our Manager expects to utilize third party contractors to perform services and functions related to the operation and leasing of our assets such as aircraft, jet engines and shipping containers. These functions may include billing, collections, recovery and asset monitoring.

Insurance

Our leases generally require that our customers carry physical damage and liability insurance providing primary insurance coverage for loss and damage to our assets as well as for related cargo and third parties while the assets are on lease. In addition, in certain cases, we maintain contingent liability coverage for any claims or losses on our assets while they are on hire or otherwise in the possession of a third-party. Finally, we procure insurance for our assets when they are not on hire or are otherwise under our control.

Conflicts of Interest

Although we have established certain policies and procedures designed to mitigate conflicts of interest, there can be no assurance that these policies and procedures will be effective in doing so. It is possible that actual, potential or perceived conflicts of interest could give rise to investor dissatisfaction, litigation or regulatory enforcement actions.

One or more of our officers and directors have responsibilities and commitments to entities other than us. In addition, we do not have a policy that expressly prohibits our directors, officers, securityholders or affiliates from engaging in business activities of the types conducted by us for their own account. However, our code of business conduct and ethics prohibits, subject to the

terms of our organizational documents, the directors, officers and employees of our Manager from engaging in any transaction that involves an actual conflict of interest with us. In other words, this means that our Manager and its members, managers, officers and employees may pursue acquisition opportunities in transportation and transportation-related infrastructure assets, and that we may acquire or dispose of transportation or transportation-related infrastructure assets in which such persons have a personal interest, subject to pre-approval by the independent members of our board of directors in certain circumstances. In the event of a violation of this code of business of conduct and ethics that does not constitute bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties, neither our Manager nor its members, managers, officers or employees will be liable to us. See "Risk Factors-Risks Related to Our Manager-There are conflicts of interest in our relationship with our Manager."

Our key agreements, including our Management Agreement, the Partnership Agreement, and our operating agreement were negotiated among related parties, and their respective terms, including fees and other amounts payable, may not be as favorable to us as terms negotiated on an arm's-length basis with unaffiliated parties. Our independent directors may not vigorously enforce the provisions of our Management Agreement against our Manager. For example, our independent directors may refrain from terminating our Manager because doing so could result in the loss of key personnel.

We may compete with entities affiliated with our Manager or Fortress for certain target assets. From time to time, affiliates of Fortress may focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has multiple existing and planned funds focused on investing in one or more of the sectors in which we acquire assets, each with significant current or expected capital commitments. We may co-invest with these funds in certain target assets. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund. Fortress had approximately \$70.5 billion of assets under management as of December 31, 2015.

Our Manager may determine, in its discretion, to make a particular acquisition through an investment vehicle other than us. Investment allocation decisions will reflect a variety of factors, such as a particular vehicle's availability of capital (including financing), investment objectives and concentration limits, legal, regulatory, tax and other similar considerations, the source of the opportunity and other factors that the Manager, in its discretion, deems appropriate. Our Manager does not have an obligation to offer us the opportunity to participate in any particular investment, even if it meets our asset acquisition objectives. In addition, employees of Fortress or certain of its affiliates-including personnel providing services to or on behalf of our Manager-may perform services for Fortress affiliates that may acquire or seek to acquire transportation and infrastructure-related assets.

Geographic Information

Please refer to Note 15 of our consolidated financial statements included in Item 8 in this Annual Report on Form 10-K for a report, by geographic area for each segment, of revenues from our external customers, for the years ended December 31, 2015 and 2014, as well as a report, by geographic area for each segment, of our total property, plant and equipment and equipment held for lease as of December 31, 2015 and 2014.

Where Readers Can Find Additional Information

Fortress Transportation and Infrastructure Investors LLC is a Delaware limited liability company. Our principal executive offices are located at 1345 Avenue of the Americas, New York, New York 10105. Fortress Transportation and Infrastructure Investors LLC files annual, quarterly and current reports, proxy statements and other information required by the Exchange Act, with the SEC. Readers may read and copy any document that Fortress files at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public from the SEC's internet site at <http://www.sec.gov>. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005, U.S.A.

Our Internet site is <http://www.ftandi.com>. We will make available free of charge through our internet site our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Also posted on our website in the "Investor Center - Corporate Governance" section are charters for the company's Audit Committee, Compensation Committee, Nominating Committee, as well as our Corporate Governance Guidelines, Code of Ethics for our officers, and our Code of Business Conduct and Ethics governing our directors, officers and employees. Information on, or accessible through, our website is not a part of, and is not incorporated into, this report.

Item 1A. Risk Factors

You should carefully consider the following risks and other information in this Form 10-K in evaluating us and our common stock. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our results of operations or financial condition. The risk factors generally have been separated into the following groups: risks related to our business, risks related to our Manager, risks related to taxation and risks related to our common shares. However, these categories do overlap and should not be considered exclusive.

Risks Related to Our Business

Uncertainty relating to macroeconomic conditions may reduce the demand for our assets, result in non-performance of contracts by our lessees or charterers, limit our ability to obtain additional capital to finance new investments, or have other unforeseen negative effects.

Uncertainty and negative trends in general economic conditions in the United States and abroad, including significant tightening of credit markets and commodity price volatility, historically have created difficult operating environments for owners and operators in the transportation industry. Many factors, including factors that are beyond our control, may impact our operating results or financial condition and/or affect the lessees and charterers that form our customer base. For some years, the world has experienced weakened economic conditions and volatility following adverse changes in global capital markets. More recently, excess supply in oil and gas markets has put significant downward pressure on prices for these commodities, and may affect demand for assets used in production, refining and transportation of oil and gas. In particular, the significant decline in oil prices during 2015 has resulted in lower exploration and production budgets worldwide, with industry experts predicting that exploration and production spending will decrease by approximately 25% in 2016, as compared to 2015. These conditions have resulted in significant contraction, de-leveraging and reduced liquidity in the credit markets. A number of governments have implemented, or are considering implementing, a broad variety of governmental actions or new regulations for the financial markets. In addition, limitations on the availability of capital, higher costs of capital for financing expenditures or the desire to preserve liquidity, may cause our current or prospective customers to make reductions in future capital budgets and spending.

Further, demand for our assets is related to passenger and cargo traffic growth, which in turn is dependent on general business and economic conditions. The recent global economic downturn could continue or worsen, which could have an adverse impact on passenger and cargo traffic levels and consequently our lessees' and charterers' business, which may in turn result in a significant reduction in revenues, earnings and cash flows, difficulties accessing capital and a deterioration in the value of our assets. We may also become exposed to increased credit risk from our customers and third parties who have obligations to us, which could result in increased non-performance of contracts by our lessees or charterers and adversely impact our business, prospects, financial condition, results of operations and cash flows.

The industries in which we operate have experienced periods of oversupply during which lease rates and asset values have declined, particularly during the recent economic downturn, and any future oversupply could materially adversely affect our results of operations and cash flows.

The oversupply of a specific asset is likely to depress the lease or charter rates for and the value of that type of asset and result in decreased utilization of our assets, and the industries in which we operate have experienced periods of oversupply during which rates and asset values have declined, particularly during the recent economic downturn. Factors that could lead to such oversupply include, without limitation:

- general demand for the type of assets that we purchase;
- general macroeconomic conditions, including market prices for commodities that our assets may serve;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- outbreaks of communicable diseases and natural disasters;
- governmental regulation;
- interest rates;
- the availability of credit;
- restructurings and bankruptcies of companies in the industries in which we operate, including our customers;
- manufacturer production levels and technological innovation;
- manufacturers merging or exiting the industry or ceasing to produce certain asset types;
- retirement and obsolescence of the assets that we own;
- our railroad infrastructure may be damaged, including by flooding and railroad derailments;

- increases in supply levels of assets in the market due to the sale or merging of operating lessors; and
- reintroduction of previously unused or dormant assets into the industries in which we operate.

These and other related factors are generally outside of our control and could lead to persistence of, or increase in, the oversupply of the types of assets that we acquire or decreased utilization of our assets, either of which could materially adversely affect our results of operations and cash flow. In addition, lessees may redeliver our assets to locations where there is oversupply, which may lead to additional repositioning costs for us if we move them to areas with higher demand. Positioning expenses vary depending on geographic location, distance, freight rates and other factors, and may not be fully covered by drop-off charges collected from the last lessees of the equipment or pick-up charges paid by the new lessees. Positioning expenses can be significant if a large portion of our assets are returned to locations with weak demand, which could materially adversely affect our business, prospects, financial condition, results of operations and cash flow.

There can be no assurance that any target returns will be achieved.

Our target returns for assets are targets only and are not forecasts of future profits. We develop target returns based on our Manager's assessment of appropriate expectations for returns on assets and the ability of our Manager to enhance the return generated by those assets through active management. There can be no assurance that these assessments and expectations will be achieved and failure to achieve any or all of them may materially adversely impact our ability to achieve any target return with respect to any or all of our assets.

In addition, our target returns are based on estimates and assumptions regarding a number of other factors, including, without limitation, holding periods, the absence of material adverse events affecting specific investments (which could include, without limitation, natural disasters, terrorism, social unrest or civil disturbances), general and local economic and market conditions, changes in law, taxation, regulation or governmental policies and changes in the political approach to transportation investment, either generally or in specific countries in which we may invest or seek to invest. Many of these factors, as well as the other risks described elsewhere in this report, are beyond our control and all could adversely affect our ability to achieve a target return with respect to an asset. Further, target returns are targets for the return generated by specific assets and not by us. Numerous factors could prevent us from achieving similar returns, notwithstanding the performance of individual assets, including, without limitation, taxation and fees payable by us or our operating subsidiaries, including fees and incentive allocation payable to our Manager.

There can be no assurance that the returns generated by any of our assets will meet our target returns, or any other level of return, or that we will achieve or successfully implement our asset acquisition objectives, and failure to achieve the target return in respect of any of our assets could, among other things, have a material adverse effect on our business, prospects, financial condition, results of operations and cash flow. Further, even if the returns generated by individual assets meet target returns, there can be no assurance that the returns generated by other existing or future assets would do so, and the historical performance of the assets in our existing portfolio should not be considered as indicative of future results with respect to any assets.

Contractual defaults may adversely affect our business, prospects, financial condition, results of operations and cash flows by decreasing revenues and increasing storage, positioning, collection, recovery and lost equipment expenses.

The success of our business depends in large part on the success of the operators in the sectors in which we participate. Cash flows from our assets are substantially impacted by our ability to collect compensation and other amounts to be paid in respect of such assets from the customers with which we enter into leases, charters or other contractual arrangements. Inherent in the nature of the leases, charters and other arrangements for the use of such assets is the risk that we may not receive, or may experience delay in realizing, such amounts to be paid. While we target the entry into contracts with credit-worthy counterparties, no assurance can be given that such counterparties will perform their obligations during the term of the leases, charters or other contractual arrangements. In addition, when counterparties default, we may fail to recover all of our assets, and the assets we do recover may be returned in damaged condition or to locations where we will not be able to efficiently lease, charter or sell them. In most cases, we maintain, or require our lessees to maintain, certain insurances to cover the risk of damages or loss of our assets. However, these insurance policies may not be sufficient to protect us against a loss.

Depending on the specific sector, the risk of contractual defaults may be elevated due to excess capacity as a result of oversupply during the recent economic downturn. We lease assets to our customers pursuant to fixed-price contracts, and our customers then seek to utilize those assets to transport goods and provide services. If the price at which our customers receive for their transportation services decreases as a result of an oversupply in the marketplace, then our customers may be forced to reduce their prices in order to attract business (which may have an adverse effect on their ability to meet their contractual lease obligations to us), or may seek to renegotiate or terminate their contractual lease arrangements with us to pursue a lower-priced opportunity with another lessor, which may have a direct, adverse effect on us. See “-The industries in which we operate have experienced periods of oversupply during which lease rates and asset values have declined, particularly during the financial crisis, and any future oversupply could materially adversely affect our results of operations and cash flows”. Any default by a material customer would have a significant impact on our profitability at the time the customer defaulted, which could materially adversely affect

our operating results and growth prospects. In addition, some of our counterparties may reside in jurisdictions with legal and regulatory regimes that make it difficult and costly to enforce such counterparties' obligations.

We may not be able to renew or obtain new or favorable charters or leases, which could adversely affect our business, prospects, financial condition, results of operations and cash flows.

Our operating leases are subject to greater residual risk than direct finance leases because we will own the assets at the expiration of an operating lease term and we may be unable to renew existing charters or leases at favorable rates, or at all, or sell the leased or chartered assets, and the residual value of the asset may be lower than anticipated. In addition, our ability to renew existing charters or leases or obtain new charters or leases will also depend on prevailing market conditions, and upon expiration of the contracts governing the leasing or charter of the applicable assets, we may be exposed to increased volatility in terms of rates and contract provisions. For example, in the fourth quarter of 2015, we took redelivery of a construction support vessel, the *Pride*, because its prior charter has expired and we do not currently have a replacement lessee under contract. Likewise, our customers may reduce their activity levels or seek to terminate or renegotiate their charters or leases with us. If we are not able to renew or obtain new charters or leases in direct continuation, or if new charters or leases are entered into at rates substantially below the existing rates or on terms otherwise less favorable compared to existing contractual terms, or if we are unable to sell assets for which we are unable to obtain new contracts or leases, our business, prospects, financial condition, results of operations and cash flows could be materially adversely affected.

If we acquire a high concentration of a particular type of asset, or concentrate our investments in a particular sector, our business, prospects, financial condition, results of operations and cash flows could be adversely affected by changes in market demand or problems specific to that asset or sector.

If we acquire a high concentration of a particular asset, or concentrate our investments in a particular sector, our business and financial results could be adversely affected by sector-specific or asset-specific factors. For example, if a particular sector experiences difficulties such as increased competition or oversupply, the operators we rely on as a lessor may be adversely affected and consequently our business and financial results may be similarly affected. If we acquire a high concentration of a particular asset and the market demand for a particular asset declines, it is redesigned or replaced by its manufacturer or it experiences design or technical problems, the value and rates relating to such asset may decline, and we may be unable to lease or charter such asset on favorable terms, if at all. Any decrease in the value and rates of our assets may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We operate in highly competitive markets.

The business of acquiring transportation and transportation-related infrastructure assets is highly competitive. Market competition for opportunities includes traditional transportation and infrastructure companies, commercial and investment banks, as well as a growing number of non-traditional participants, such as hedge funds, private equity funds and other private investors, including other affiliates of Fortress. Some of these competitors may have access to greater amounts of capital and/or to capital that may be committed for longer periods of time or may have different return thresholds than us, and thus these competitors may have certain advantages not shared by us. In addition, competitors may have incurred, or may in the future incur, leverage to finance their debt investments at levels or on terms more favorable than those available to us. Strong competition for investment opportunities could result in fewer such opportunities for us, as certain of these competitors have established and are establishing investment vehicles that target the same types of assets that we intend to purchase.

In addition, some of our competitors may have longer operating histories, greater financial resources and lower costs of capital than us, and consequently, may be able to compete more effectively in one or more of our target markets. We likely will not always be able to compete successfully with our competitors and competitive pressures or other factors may also result in significant price competition, particularly during industry downturns, which could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Litigation to enforce our contracts and recover our assets has inherent uncertainties that are increased by the location of our assets in jurisdictions that have less developed legal systems.

While some of our contractual arrangements are governed by New York law and provide for the non-exclusive jurisdiction of the courts located in the state of New York, our ability to enforce our counterparties' obligations under such contractual arrangements is subject to applicable laws in the jurisdiction in which enforcement is sought. While some of our existing assets are used in specific jurisdictions, transportation and transportation-related infrastructure assets by their nature generally move throughout multiple jurisdictions in the ordinary course of business. As a result, it is not possible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. Litigation and enforcement proceedings have inherent uncertainties in any jurisdiction and are expensive. These uncertainties are enhanced in countries that have less developed legal systems where the interpretation of laws and regulations is not consistent, may be influenced by factors other than legal merits and may be cumbersome, time-consuming and even more expensive. For example, repossession from defaulting lessees may be difficult and more expensive in jurisdictions whose laws do not confer the same security interests and rights to creditors

and lessors as those in the United States and where the legal system is not as well developed. As a result, the remedies available and the relative success and expedience of collection and enforcement proceedings with respect to the our owned assets in various jurisdictions cannot be predicted. To the extent more of our business shifts to areas outside of the United States and Europe, such as China and Malaysia, it may become more difficult and expensive to enforce our rights and recover our assets.

Certain liens may arise on our assets.

Certain of our assets are currently subject to liens under separate financing arrangements entered into by two of our subsidiaries in connection with acquisitions of shipping containers. In the event of a default under such arrangements by the applicable subsidiary, the lenders thereunder would be permitted to take possession of or sell such assets. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources.” In addition, our currently owned assets and assets that we purchase in the future may be subject to other liens based on the industry practices relating to such assets. Until they are discharged, these liens could impair our ability to repossess, re-lease or sell our assets, and to the extent our lessees or charterers do not comply with their obligations to discharge any liens on the applicable assets, we may find it necessary to pay the claims secured by such liens in order to repossess such assets. Such payments could materially adversely affect our operating results and growth prospects.

The values of the assets that we purchase may fluctuate due to various factors.

The fair market values of our assets may decrease or increase depending on a number of factors, including the prevailing level of charter or lease rates from time to time, general economic and market conditions affecting our target markets, type and age of assets, supply and demand for assets, competition, new governmental or other regulations and technological advances, all of which could impact our profitability and our ability to lease, charter or sell such assets. In addition, our assets depreciate as they age and may generate lower revenues and cash flows. We must be able to replace such older, depreciated assets with newer assets, or our ability to maintain or increase our revenues and cash flows will decline. In addition, if we dispose of an asset for a price that is less than the depreciated book value of the asset on our balance sheet or if we determine that an asset’s value has been impaired, we will recognize a related charge in our consolidated statement of operations and such charge could be material.

Our use of joint ventures or partnerships, and our Manager’s outsourcing of certain functions, may present unforeseen obstacles or costs.

We have acquired and may in the future acquire interests in certain assets in cooperation with third-party partners or co-investors through jointly-owned acquisition vehicles, joint ventures or other structures. In these co-investment situations, our ability to control the management of such assets depends upon the nature and terms of the joint arrangements with such partners and our relative ownership stake in the asset, each of which will be determined by negotiation at the time of the investment and the determination of which is subject to the discretion of our Manager. Depending on our Manager’s perception of the relative risks and rewards of a particular asset, our Manager may elect to acquire interests in structures that afford relatively little or no operational and/or management control to us. Such arrangements present risks not present with wholly-owned assets, such as the possibility that a co-investor becomes bankrupt, develops business interests or goals that conflict with our interests and goals in respect of the assets, all of which could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

In addition, our Manager expects to utilize third party contractors to perform services and functions related to the operation and leasing of our assets. These functions may include billing, collections, recovery and asset monitoring. Because we and our Manager do not directly control these third parties, there can be no assurance that the services they provide will be delivered at a level commensurate with our expectations, or at all. The failure of any such third party contractors to perform in accordance with our expectations could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

We are subject to the risks and costs of obsolescence of our assets.

Technological and other improvements expose us to the risk that certain of our assets may become technologically or commercially obsolete. For example, in our Aviation Leasing segment, as manufacturers introduce technological innovations and new types of aircraft, some of our assets could become less desirable to potential lessees. Such technological innovations may increase the rate of obsolescence of existing aircraft faster than currently anticipated by us. In addition, the imposition of increased regulation regarding stringent noise or emissions restrictions may make some of our aircraft less desirable and less valuable in the marketplace. In our Offshore Energy segment, development and construction of new, sophisticated, high-specification assets could cause our assets to become less desirable to potential charterers, and insurance rates may also increase with the age of a vessel, making older vessels less desirable to potential charterers. Any of these risks may adversely affect our ability to lease, charter or sell our assets on favorable terms, if at all, which could materially adversely affect our operating results and growth prospects.

The North American rail sector is a highly regulated industry and increased costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements could significantly increase our costs of doing business, thereby adversely affecting our profitability.

The rail sector is subject to extensive laws, regulations and other requirements including, but not limited to, those relating to the environment, safety, rates and charges, service obligations, employment, labor, immigration, minimum wages and overtime pay, health care and benefits, working conditions, public accessibility and other requirements. These laws and regulations are enforced by US and Canadian federal agencies including the US and Canadian Environmental Protection Agencies, the US and Canadian Departments of Transportation (USDOT or Transport Canada), the Occupational Safety and Health Act (OSHA or Canadian provincial equivalents), the US Federal Railroad Administration, or FRA, and the U.S. Surface Transportation Board, or STB, as well as numerous other state, provincial, local and federal agencies. Ongoing compliance with, or a violation of, these laws, regulations and other requirements could have a material adverse effect on our business, financial condition and results of operations.

We believe that our rail operations are in substantial compliance with applicable laws and regulations. However, these laws and regulations, and the interpretation or enforcement thereof, are subject to frequent change and varying interpretation by regulatory authorities, and we are unable to predict the ongoing cost to us of complying with these laws and regulations or the future impact of these laws and regulations on our operations. In addition, from time to time we are subject to inspections and investigations by various regulators. In April 2015, we received a notice from Transport Canada that it is investigating a possible violation under the Railway Safety Act related to inspections of our operations conducted in March 2015. We believe we are in compliance with applicable requirements, and, while we cannot predict with certainty the outcome of the investigation, we do not believe it will have a material adverse effect on the Company. Violation of environmental or other laws, regulations and permits can result in the imposition of significant administrative, civil and criminal penalties, injunctions and construction bans or delays.

Legislation passed by the US Congress or Canadian Parliament or new regulations issued by federal agencies can significantly affect the revenues, costs and profitability of our business. For instance, in December 2009, a proposed bill called the “Surface Transportation Board Reauthorization Act of 2009” was introduced in the Senate but not advanced. In addition, more recently proposed bills such as the “Rail Shipper Fairness Act of 2015,” if adopted, could increase government involvement in railroad pricing, service and operations and significantly change the federal regulatory framework of the railroad industry. Several of the changes under consideration could have a significant negative impact on FTAI’s ability to determine prices for rail services, meet service standards and could force a reduction in capital spending. Statutes imposing price constraints or affecting rail-to-rail competition could adversely affect FTAI’s profitability.

Under various US and Canadian federal, state, provincial and local environmental requirements, as the owner or operator of terminals or other facilities, we may be liable for the costs of removal or remediation of contamination at or from our existing locations, whether we knew of, or were responsible for, the presence of such contamination. The failure to timely report and properly remediate contamination may subject us to liability to third parties and may adversely affect our ability to sell or rent our property or to borrow money using our property as collateral. Additionally, we may be liable for the costs of remediating third-party sites where hazardous substances from our operations have been transported for treatment or disposal, regardless of whether we own or operate that site. In the future, we may incur substantial expenditures for investigation or remediation of contamination that has not yet been discovered at our current or former locations or locations that we may acquire.

A discharge of hydrocarbons or hazardous substances into the environment associated with operating our rail assets could subject us to substantial expense, including the cost to recover the materials spilled, restore the affected natural resources, pay fines and penalties, and natural resource damages and claims made by employees, neighboring landowners, government authorities and other third parties, including for personal injury and property damage. We may experience future catastrophic sudden or gradual releases into the environment from our facilities or discover historical releases that were previously unidentified or not assessed. Although our inspection and testing programs are designed to prevent, detect and address any such releases promptly, the liabilities incurred due to any future releases into the environment from our assets, have the potential to substantially affect our business. Such events could also subject us to media and public scrutiny that could have a negative effect on our operations and also on the value of our common shares.

Our business could be adversely affected if service on the railroads is interrupted or if more stringent regulations are adopted regarding railcar design or the transportation of crude oil by rail.

As a result of hydraulic fracturing and other improvements in extraction technologies, there has been a substantial increase in the volume of crude oil and liquid hydrocarbons produced and transported in North America, and a geographic shift in that production versus historical production. The increase in volume and shift in geography has resulted in a growing percentage of crude oil being transported by rail. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in West Virginia and Illinois, have raised concerns about the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design.

In May 2015, the DOT issued new production standards and operational controls for rail tank cars used in “High-Hazard Flammable Trains” (i.e., trains carrying commodities such as ethanol, crude oil and other flammable liquids). Similar standards have been adopted in Canada. The new standard applies for all cars manufactured after October 1, 2015, and existing tank cars must be retrofitted within the next three to eight years. The applicable operational controls include reduced speed restrictions, and maximum lengths on trains carrying these materials. Retrofitting our tank cars will be required under these new standards. While we may be able to pass some of these costs on to our customers, there may be additional costs that we cannot pass on to them. We continue to monitor the railcar regulatory landscape and remain in close contact with railcar suppliers and other industry stakeholders to stay informed of railcar regulation rulemaking developments. It is unclear how these regulations will impact the crude-by-rail industry, and any such impact would depend on a number of factors that are outside of our control. If, for example, overall volume of crude-by-rail decreases, or if we do not have access to a sufficient number of compliant cars to transport required volumes under our existing contracts, our operations may be negatively affected. This may lead to a decrease in revenues and other consequences.

The adoption of additional federal, state, provincial or local laws or regulations, including any voluntary measures by the rail industry regarding railcar design or crude oil and liquid hydrocarbon rail transport activities, or efforts by local communities to restrict or limit rail traffic involving crude oil, could affect our business by increasing compliance costs and decreasing demand for our services, which could adversely affect our financial position and cash flows. Moreover, any disruptions in the operations of railroads, including those due to shortages of railcars, weather-related problems, flooding, drought, accidents, mechanical difficulties, strikes, lockouts or bottlenecks, could adversely impact our customers’ ability to move their product and, as a result, could affect our business.

Our assets are exposed to unplanned interruptions caused by catastrophic events outside of our control which may disrupt our business and cause damage or losses that may not be adequately covered by insurance.

The operations of transportation and infrastructure projects are exposed to unplanned interruptions caused by significant catastrophic events, such as cyclones, earthquakes, landslides, floods, explosions, fires, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely impact the cash flows available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in temporary or permanent loss of customers, substantial litigation or penalties for regulatory or contractual non-compliance, and any loss from such events may not be recoverable under relevant insurance policies. Although we believe that we are adequately insured against these types of events, either indirectly through our lessees or charterers or through our own insurance policies, no assurance can be given that the occurrence of any such event will not materially adversely affect us. In addition, if a lessee or charterer is not obligated to maintain sufficient insurance, we may incur the costs of additional insurance coverage during the related lease or charter. We can give no assurance that such insurance will be available at commercially reasonable rates, if at all.

Our assets generally require routine maintenance, and we may be exposed to unforeseen maintenance costs.

We may be exposed to unforeseen maintenance costs for our assets associated with a lessee’s or charterer’s failure to properly maintain the asset. We enter into leases and charters with respect to some of our assets pursuant to which the lessees are primarily responsible for many obligations, which generally include complying with all governmental requirements applicable to the lessee or charterer, including operational, maintenance, government agency oversight, registration requirements and other applicable directives. Failure of a lessee or charterer to perform required maintenance during the term of a lease or charter could result in a decrease in value of an asset, an inability to re-lease or charter an asset at favorable rates, if at all, or a potential inability to utilize an asset. Maintenance failures would also likely require us to incur maintenance and modification costs upon the termination of the applicable lease or charter; such costs to restore the asset to an acceptable condition prior to re-leasing, charter or sale could be substantial. Any failure by our lessees or charterers to meet their obligations to perform required scheduled maintenance or our inability to maintain our assets could materially adversely affect our business, prospects, financial condition, results of operations and cash flows.

Some of our customers operate in highly regulated industries and changes in laws or regulations, including laws with respect to international trade, may adversely affect our ability to lease, charter or sell our assets.

Some of our customers operate in highly regulated industries such as aviation and offshore energy. A number of our contractual arrangements—for example, our leasing aircraft engines or offshore energy equipment to third-party operators—require the operator (our customer) to obtain specific governmental or regulatory licenses, consents or approvals. These include consents for certain payments under such arrangements and for the export, import or re-export of the related assets. Failure by our customers or, in certain circumstances, by us, to obtain certain licenses and approvals could negatively affect our ability to conduct our business. In addition, the shipment of goods, services and technology across international borders subjects the operation of our assets to international trade laws and regulations. Moreover, many countries, including the United States, control the export and re-export of certain goods, services and technology and impose related export recordkeeping and reporting obligations. Governments also may impose economic sanctions against certain countries, persons and other entities that may restrict or prohibit transactions

involving such countries, persons and entities. If any such regulations or sanctions affect the asset operators that are our customers, our business, prospects, financial condition, results of operations and cash flows may be materially adversely affected.

It is impossible to predict whether third parties will allege liability related to our purchase of the Montreal, Maine and Atlantic Railway ("MM&A") assets out of bankruptcy, including possible claims related to the July 6, 2013 train derailment near Lac-Mégantic, Quebec.

On July 6, 2013, prior to our ownership, a train carrying crude oil on the MM&A line derailed near Lac-Mégantic, Quebec which resulted in fires that claimed the lives of 47 individuals (the "Incident"). Approximately 2 million gallons of crude oil were either burned or released into the environment, including into the nearby Chaudière River. Prior to our acquisition of the MM&A assets in May and June 2014, we received written assurance from the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks that it would take full responsibility for the environmental clean-up and that it would not hold CMQR liable for any environmental damages or costs relating to clean-up or restoration of the affected area as a result of the Incident. While we don't anticipate any liability relating to the Incident, including liability for claims alleging personal injury, property damage or natural resource damages, there can be no assurance that such claims relating to the Incident will not arise in the future. No claims have been made or threatened against us as of December 31, 2015 and we do not anticipate any expenditures relating to environmental clean-up (including impacts to the Chaudière River) as a result of the Incident.

Certain of our assets are subject to purchase options held by the charterer or lessee of the asset which, if exercised, could reduce the size of our asset base and our future revenues.

We have granted purchase options to the charterers and lessees of certain of our assets. The market values of these assets may change from time to time depending on a number of factors, such as general economic and market conditions affecting the industries in which we operate, competition, cost of construction, governmental or other regulations, technological changes and prevailing levels of charter or lease rates from time to time. The purchase price under a purchase option may be less than the asset's market value at the time the option may be exercised. In addition, we may not be able to obtain a replacement asset for the price at which the asset is sold. In such cases, our business, prospects, financial condition, results of operations and cash flows may be materially adversely affected.

The profitability of our Offshore Energy segment may be impacted by the profitability of the offshore oil and gas industry generally, which is significantly affected by, among other things, volatile oil and gas prices.

Demand for assets in the Offshore Energy segment and our ability to secure charter contracts for our assets at favorable charter rates following expiry or termination of existing charters will depend, among other things, on the level of activity in the offshore oil and gas industry. The offshore oil and gas industry is cyclical and volatile, and demand for oil-service assets depends on, among other things, the level of development and activity in oil and gas exploration, as well as the identification and development of oil and gas reserves and production in offshore areas worldwide. The availability of high quality oil and gas prospects, exploration success, relative production costs, the stage of reservoir development, political concerns and regulatory requirements all affect the level of activity for charterers of oil-service vessels. Accordingly, oil and gas prices and market expectations of potential changes in these prices significantly affect the level of activity and demand for oil-service assets. Oil and gas prices can be extremely volatile (and have declined significantly in the last six months) and are affected by numerous factors beyond the Company's control, such as worldwide demand for oil and gas; costs of exploring, developing, producing and delivering oil and gas; expectations regarding future energy prices; the ability of the Organization of Petroleum Exporting Countries ("OPEC") to set and maintain production levels and impact pricing; the level of production in non-OPEC countries; governmental regulations and policies regarding development of oil and gas reserves; local and international political, economic and weather conditions; domestic and foreign tax policies; political and military conflicts in oil-producing and other countries; and the development and exploration of alternative fuels. Any reduction in the demand for our assets due to these or other factors could materially adversely affect our operating results and growth prospects.

Our Shipping Containers segment is affected by the lack of an international title registry for containers, which increases the risk of ownership disputes.

Although the Bureau International des Containers registers and allocates a unique four letter prefix to every container in accordance with International Standardization Organization ("ISO") standard 6346 (Freight container coding, identification and marking) there is no internationally recognized system of recordation or filing to evidence our title to containers nor is there an internationally recognized system for filing security interest in containers. While this has not historically had a material impact on our intermodal assets, the lack of a title recordation system with respect to containers could result in disputes with lessees, end-users, or third parties, such as creditors of end-users, who may improperly claim ownership of the containers, especially in countries with less developed legal systems.

Our international operations involve additional risks, which could adversely affect our business, prospects, financial condition, results of operations and cash flows.

We and our customers operate in various regions throughout the world. As a result, we may, directly or indirectly, be exposed to political and other uncertainties, including risks of:

- terrorist acts, armed hostilities, war and civil disturbances;
- acts of piracy;
- significant governmental influence over many aspects of local economies;
- seizure, nationalization or expropriation of property or equipment;
- repudiation, nullification, modification or renegotiation of contracts;
- limitations on insurance coverage, such as war risk coverage, in certain areas;
- political unrest;
- foreign and U.S. monetary policy and foreign currency fluctuations and devaluations;
- the inability to repatriate income or capital;
- complications associated with repairing and replacing equipment in remote locations;
- import-export quotas, wage and price controls, imposition of trade barriers;
- U.S. and foreign sanctions or trade embargoes;
- restrictions on the transfer of funds into or out of countries in which we operate;
- compliance with U.S. Treasury sanctions regulations restricting doing business with certain nations or specially designated nationals;
- regulatory or financial requirements to comply with foreign bureaucratic actions;
- compliance with applicable anti-corruption laws and regulations;
- changing taxation policies, including confiscatory taxation;
- other forms of government regulation and economic conditions that are beyond our control; and
- governmental corruption.

Any of these or other risks could adversely impact our customers' international operations which could materially adversely impact our operating results and growth opportunities.

We may make acquisitions in emerging markets throughout the world, and investments in emerging markets are subject to greater risks than developed markets and could adversely affect our business, prospects, financial condition, results of operations and cash flows.

To the extent that we acquire assets in emerging markets-which we may do throughout the world-additional risks may be encountered that could adversely affect our business. Emerging market countries have less developed economies and infrastructure and are often more vulnerable to economic and geopolitical challenges and may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. In addition, the currencies in which investments are denominated may be unstable, may be subject to significant depreciation and may not be freely convertible or may be subject to the imposition of other monetary or fiscal controls and restrictions.

Emerging markets are still in relatively early stages of their development and accordingly may not be highly or efficiently regulated. Moreover, emerging markets tend to be shallower and less liquid than more established markets which may adversely affect our ability to realize profits from our assets in emerging markets when we desire to do so or receive what we perceive to be their fair value in the event of a realization. In some cases, a market for realizing profits from an investment may not exist locally. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices and requirements comparable to those applicable to issuers based in more developed countries, thereby potentially increasing the risk of fraud and other deceptive practices. Settlement of transactions may be subject to greater delay and administrative uncertainties than in developed markets and less complete and reliable financial and other information may be available to investors in emerging markets than in developed markets. In addition, economic instability in emerging markets could adversely affect the value of our assets subject to leases or charters in such countries, or the ability of our lessees or charters, which

operate in these markets, to meet their contractual obligations. As a result, lessees or charterers that operate in emerging market countries may be more likely to default under their contractual obligations than those that operate in developed countries. Liquidity and volatility limitations in these markets may also adversely affect our ability to dispose of our assets at the best price available or in a timely manner.

As we have and may continue to acquire assets located in emerging markets throughout the world, we may be exposed to any one or a combination of these risks, which could adversely affect our operating results.

We are actively evaluating acquisitions of assets and operating companies in other transportation and infrastructure sectors which could result in additional risks and uncertainties for our business and unexpected regulatory compliance costs.

While our existing portfolio consists of assets in the aviation, energy, intermodal transport and rail sectors, we are actively evaluating acquisitions of assets and operating companies in other sectors of the transportation and transportation-related infrastructure and equipment markets and we plan to be flexible as other attractive opportunities arise over time. To the extent we make acquisitions in other sectors, we will face numerous risks and uncertainties, including risks associated with the required investment of capital and other resources and with combining or integrating operational and management systems and controls. Entry into certain lines of business may subject us to new laws and regulations and may lead to increased litigation and regulatory risk. Many types of transportation assets, including certain rail, airport and seaport assets, are subject to registration requirements by U.S. governmental agencies, as well as foreign governments if such assets are to be used outside of the United States. Failing to register the assets, or losing such registration, could result in substantial penalties, forced liquidation of the assets and/or the inability to operate and, if applicable, lease the assets. We may need to incur significant costs to comply with the laws and regulations applicable to any such new acquisition. The failure to comply with these laws and regulations could cause us to incur significant costs, fines or penalties or require the assets to be removed from service for a period of time resulting in reduced income from these assets. In addition, if our acquisitions in other sectors produce insufficient revenues, or produce investment losses, or if we are unable to efficiently manage our expanded operations, our results of operations will be adversely affected, and our reputation and business may be harmed.

We may acquire operating businesses, including businesses whose operations are not fully matured and stabilized. These businesses may be subject to significant operating and development risks, including increased competition, cost overruns and delays, and difficulties in obtaining approvals or financing. These factors could materially affect our business, financial condition, liquidity and results of operations.

We have acquired, and may in the future acquire, operating businesses including businesses whose operations are not fully matured and stabilized (such as Jefferson Terminal). While we have deep experience in the construction and operation of these companies, we are nevertheless subject to significant risks and contingencies of an operating business, and these risks are greater where the operations of such businesses are not fully matured and stabilized. Key factors that may affect our operating businesses include, but are not limited to:

- competition from market participants;
- general economic and/or industry trends, including pricing for the products or services offered by our operating businesses;
- the issuance and/or continued availability of necessary permits, licenses, approvals and agreements from governmental agencies and third parties as are required to construct and operate such businesses;
- changes or deficiencies in the design or construction of development projects;
- unforeseen engineering, environmental or geological problems;
- potential increases in construction and operating costs due to changes in the cost and availability of fuel, power, materials and supplies;
- the availability and cost of skilled labor and equipment;
- our ability to enter into additional satisfactory agreements with contractors and to maintain good relationships with these contractors in order to construct development projects within our expected cost parameters and time frame, and the ability of those contractors to perform their obligations under the contracts and to maintain their creditworthiness;
- potential liability for injury or casualty losses which are not covered by insurance;
- potential opposition from non-governmental organizations, environmental groups, local or other groups which may delay or prevent development activities;
- local and economic conditions;
- changes in legal requirements; and

- force majeure events, including catastrophes and adverse weather conditions.

Any of these factors could materially affect our business, financial condition, liquidity and results of operations.

Terrorist attacks could negatively impact our operations and our profitability and may expose us to liability and reputational damage.

Terrorist attacks may negatively affect our operations. Such attacks have contributed to economic instability in the United States and elsewhere, and further acts of terrorism, violence or war could similarly affect world trade and the industries in which we and our customers operate. In addition, terrorist attacks or hostilities may directly impact airports or aircraft, ports where our containers and vessels travel, or our physical facilities or those of our customers. In addition, it is also possible that our assets could be involved in a terrorist attack. The consequences of any terrorist attacks or hostilities are unpredictable, and we may not be able to foresee events that could have a material adverse effect on our operations. Although our lease and charter agreements generally require the counterparties to indemnify us against all damages arising out of the use of our assets, and we carry insurance to potentially offset any costs in the event that our customer indemnifications prove to be insufficient, our insurance does not cover certain types of terrorist attacks, and we may not be fully protected from liability or the reputational damage that could arise from a terrorist attack which utilizes our assets.

Because we are a recently formed company with a limited operating history, our historical financial and operating data may not be representative of our future results.

We are a recently formed limited liability company with a limited operating history. Our results of operations, financial condition and cash flows reflected in our consolidated financial statements may not be indicative of the results we would have achieved if we were a public company or results that may be achieved in future periods. Consequently, there can be no assurance that we will be able to generate sufficient income to pay our operating expenses and make satisfactory distributions to our shareholders, or any distributions at all. Further, we only make acquisitions identified by our Manager. As a result of this concentration of assets, our financial performance depends on the performance of our Manager in identifying target assets, the availability of opportunities falling within our asset acquisition strategy and the performance of those underlying assets.

Our leases and charters require payments in U.S. dollars, but many of our customers operate in other currencies; if foreign currencies devalue against the U.S. dollar, our lessees or charterers may be unable to meet their payment obligations to us in a timely manner.

Our current leases and charters require that payments be made in U.S. dollars. If the currency that our lessees or charterers typically use in operating their businesses devalues against the U.S. dollar, our lessees or charterers could encounter difficulties in making payments to us in U.S. dollars. Furthermore, many foreign countries have currency and exchange laws regulating international payments that may impede or prevent payments from being paid to us in U.S. dollars. Future leases or charters may provide for payments to be made in euros or other foreign currencies. Any change in the currency exchange rate that reduces the amount of U.S. dollars obtained by us upon conversion of future lease payments denominated in euros or other foreign currencies, may, if not appropriately hedged by us, have a material adverse effect on us and increase the volatility of our earnings.

Our inability to obtain sufficient capital would constrain our ability to grow our portfolio and to increase our revenues.

Our business is capital intensive, and we have used and may continue to employ leverage to finance our operations. Accordingly, our ability to successfully execute our business strategy and maintain our operations depends on the availability and cost of debt and equity capital. Additionally, our ability to borrow against our assets is dependent, in part, on the appraised value of such assets. If the appraised value of such assets declines, we may be required to reduce the principal outstanding under our debt facilities or otherwise be unable to incur new borrowings.

We can give no assurance that the capital we need will be available to us on favorable terms, or at all. Our inability to obtain sufficient capital, or to renew or expand our credit facilities, could result in increased funding costs and would limit our ability to:

- meet the terms and maturities of our existing and future debt facilities;
- purchase new assets or refinance existing assets;
- fund our working capital needs and maintain adequate liquidity; and
- finance other growth initiatives.

In addition, we conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act of 1940 (the "Investment Company Act"). As such, certain forms of financing such as finance leases may not be available to us. Please see "- If we are deemed an investment company under the Investment Company Act of 1940, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows."

The effects of various environmental regulations may negatively affect the industries in which we operate which could have a material adverse effect on our financial condition, results of operations and cash flows.

We are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air and water, the management and disposal of hazardous substances and wastes, the cleanup of contaminated sites and noise and emission levels. Under some environmental laws in the United States and certain other countries, strict liability may be imposed on the owners or operators of assets, which could render us liable for environmental and natural resource damages without regard to negligence or fault on our part. We could incur substantial costs, including cleanup costs, fines and third-party claims for property or natural resource damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations in connection with our or our lessee's or charterer's current or historical operations, any of which could have a material adverse effect on our results of operations and financial condition. While we typically maintain liability insurance coverage and typically require our lessees to provide us with indemnity against certain losses, the insurance coverage is subject to large deductibles, limits on maximum coverage and significant exclusions and may not be sufficient or available to protect against any or all liabilities and such indemnities may not cover or be sufficient to protect us against losses arising from environmental damage. In addition, changes to environmental standards or regulations in the industries in which we operate could limit the economic life of the assets we acquire or reduce their value, and also require us to make significant additional investments in order to maintain compliance, which would negatively impact our cash flows and results of operations.

If we are deemed an "investment company" under the Investment Company Act of 1940, it could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. Section 3(a)(1)(A) of the Investment Company Act defines an investment company as any issuer that is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities. Section 3(a)(1)(C) of the Investment Company Act defines an investment company as any issuer that is engaged or proposes to engage in the business of investing, reinvesting, owning, holding or trading in securities and owns or proposes to acquire investment securities having a value exceeding 40% of the value of the issuer's total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. Excluded from the term "investment securities," among other things, are U.S. government securities and securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on the exception from the definition of investment company for certain privately-offered investment vehicles set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act.

We are a holding company that is not an investment company because we are engaged in the business of holding securities of our wholly-owned and majority-owned subsidiaries, which are engaged in transportation and related businesses which lease assets pursuant to operating leases and finance leases. The Investment Company Act may limit our and our subsidiaries' ability to enter into financing leases and engage in other types of financial activity because less than 40% of the value of our and our subsidiaries' total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis can consist of "investment securities."

If we or any of our subsidiaries were required to register as an investment company under the Investment Company Act, the registered entity would become subject to substantial regulation that would significantly change our operations, and we would not be able to conduct our business as described in this report. We have not obtained a formal determination from the SEC as to our status under the Investment Company Act and, consequently, any violation of the Investment Company Act would subject us to material adverse consequences.

Risks Related to Our Manager

We are dependent on our Manager and other key personnel at Fortress and may not find suitable replacements if our Manager terminates the Management Agreement or if other key personnel depart.

Our officers and other individuals who perform services for us are employees of our Manager. We are completely reliant on our Manager, which has significant discretion as to the implementation of our operating policies and strategies, to conduct our business. We are subject to the risk that our Manager will terminate the Management Agreement and that we will not be able to find a suitable replacement for our Manager in a timely manner, at a reasonable cost, or at all. Furthermore, we are dependent on the services of certain key employees of our Manager and certain key employees of Fortress whose compensation is partially or entirely dependent upon the amount of management fees earned by our Manager or the incentive allocations distributed to the General Partner and whose continued service is not guaranteed, and the loss of such personnel or services could materially adversely affect our operations. We do not have key man insurance for any of the personnel of the Manager that are key to us. An inability to find a suitable replacement for any departing employee of our Manager or Fortress on a timely basis could materially adversely affect our ability to operate and grow our business.

In addition, our Manager may assign our Management Agreement to an entity whose business and operations are managed or supervised by Mr. Wesley R. Edens, who is a principal and a Co-Chairman of the board of directors of Fortress, an affiliate of our Manager, and a member of the management committee of Fortress since co-founding Fortress in May 1998. In the event of any such assignment to a non-affiliate of Fortress, the functions currently performed by our Manager's current personnel may be performed by others. We can give you no assurance that such personnel would manage our operations in the same manner as our Manager currently does, and the failure by the personnel of any such entity to acquire assets generating attractive risk-adjusted returns could have a material adverse effect on our business, financial condition, results of operations and cash flows.

There are conflicts of interest in our relationship with our Manager.

Our Management Agreement, the Partnership Agreement and our operating agreement were negotiated among affiliated parties, and their terms, including fees payable, may not be as favorable to us as if they had been negotiated with an unaffiliated third-party.

There are conflicts of interest inherent in our relationship with our Manager insofar as our Manager and its affiliates - including investment funds, private investment funds, or businesses managed by our Manager, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C. - invest in transportation and transportation-related infrastructure assets and whose investment objectives overlap with our asset acquisition objectives. Certain opportunities appropriate for us may also be appropriate for one or more of these other investment vehicles. Certain members of our board of directors and employees of our Manager who are our officers also serve as officers and/or directors of these other entities. For example, we have some of the same directors and officers as Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C. Although we have the same Manager, we may compete with entities affiliated with our Manager or Fortress, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C., for certain target assets. From time to time, affiliates of Fortress focus on investments in assets with a similar profile as our target assets that we may seek to acquire. These affiliates may have meaningful purchasing capacity, which may change over time depending upon a variety of factors, including, but not limited to, available equity capital and debt financing, market conditions and cash on hand. Fortress has multiple existing and planned funds focused on investing in one or more of our target sectors, each with significant current or expected capital commitments. We may co-invest with these funds in transportation and transportation-related infrastructure assets. Fortress funds generally have a fee structure similar to ours, but the fees actually paid will vary depending on the size, terms and performance of each fund. Fortress had approximately \$70.5 billion of assets under management as of December 31, 2015.

Our Management Agreement generally does not limit or restrict our Manager or its affiliates from engaging in any business or managing other pooled investment vehicles that invest in assets that meet our asset acquisition objectives. Our Manager intends to engage in additional transportation and infrastructure related management and transportation, infrastructure and other investment opportunities in the future, which may compete with us for investments or result in a change in our current investment strategy. In addition, our operating agreement provides that if Fortress or an affiliate or any of their officers, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, they have no duty, to the fullest extent permitted by law, to offer such corporate opportunity to us, our shareholders or our affiliates. In the event that any of our directors and officers who is also a director, officer or employee of Fortress or its affiliates acquires knowledge of a corporate opportunity or is offered a corporate opportunity, provided that this knowledge was not acquired solely in such person's capacity as a director or officer of FTAI and such person acts in good faith, then to the fullest extent permitted by law such person is deemed to have fully satisfied such person's fiduciary duties owed to us and is not liable to us if Fortress or its affiliates pursues or acquires the corporate opportunity or if such person did not present the corporate opportunity to us.

The ability of our Manager and its officers and employees to engage in other business activities, subject to the terms of our Management Agreement, may reduce the amount of time our Manager, its officers or other employees spend managing us. In addition, we may engage (subject to our strategy) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates, including Seacastle Ships Holdings Inc., Trac Intermodal and Florida East Coast Railway, L.L.C., which may include, but are not limited to, certain acquisitions, financing arrangements, purchases of debt, co-investments, consumer loans, servicing advances and other assets that present an actual, potential or perceived conflict of interest. Our board of directors adopted a policy regarding the approval of any "related person transactions" pursuant to which, certain of the material transactions described above may require disclosure to, and approval by, the independent members of our board of directors. Actual, potential or perceived conflicts has given, and may in the future give, rise to investor dissatisfaction, litigation or regulatory inquiries or enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential, actual or perceived conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, which could materially adversely affect our business in a number of ways, including causing an inability to raise additional funds, a reluctance of counterparties to do business with us, a decrease in the prices of our equity securities and a resulting increased risk of litigation and regulatory enforcement actions.

The structure of our Manager's and the General Partner's compensation arrangements may have unintended consequences for us. We have agreed to pay our Manager a management fee and the General Partner is entitled to receive incentive allocations from Holdco that are each based on different measures of performance. Consequently, there may be conflicts in the incentives of our Manager to generate attractive risk-adjusted returns for us. In addition, because the General Partner and our Manager are both affiliates of Fortress, the Income Incentive Allocation paid to the General Partner may cause our Manager to place undue emphasis on the maximization of earnings, including through the use of leverage, at the expense of other objectives, such as preservation of capital, to achieve higher incentive allocations. Investments with higher yield potential are generally riskier or more speculative than investments with lower yield potential. This could result in increased risk to the value of our portfolio of assets and our common shares.

Our directors have approved a broad asset acquisition strategy for our Manager and do not approve each acquisition made by our Manager. In addition, we may change our strategy without a shareholder vote, which may result in our acquiring assets that are different, riskier or less profitable than our current assets.

Our Manager is authorized to follow a broad asset acquisition strategy. We may pursue other types of acquisitions as market conditions evolve. Our Manager makes decisions about our investments in accordance with broad investment guidelines adopted by our board of directors. Accordingly, we may, without a shareholder vote, change our target sectors and acquire a variety of assets that differ from, and are possibly riskier than, our current asset portfolio. Consequently, our Manager has great latitude in determining the types and categories of assets it may decide are proper investments for us, including the latitude to invest in types and categories of assets that may differ from those in our existing portfolio. Our directors will periodically review our strategy and our portfolio of assets. However, our board does not review or pre-approve each proposed acquisition or our related financing arrangements. In addition, in conducting periodic reviews, the directors rely primarily on information provided to them by our Manager. Furthermore, transactions entered into by our Manager may be difficult or impossible to reverse by the time they are reviewed by the directors even if the transactions contravene the terms of the Management Agreement. In addition, we may change our asset acquisition strategy, including our target asset classes, without a shareholder vote.

Our asset acquisition strategy may evolve in light of existing market conditions and investment opportunities, and this evolution may involve additional risks depending upon the nature of the assets we target and our ability to finance such assets on a short or long-term basis. Opportunities that present unattractive risk-return profiles relative to other available opportunities under particular market conditions may become relatively attractive under changed market conditions and changes in market conditions may therefore result in changes in the assets we target. Decisions to make acquisitions in new asset categories present risks that may be difficult for us to adequately assess and could therefore reduce or eliminate our ability to pay dividends on our common shares or have adverse effects on our liquidity or financial condition. A change in our asset acquisition strategy may also increase our exposure to interest rate, foreign currency or credit market fluctuations. In addition, a change in our asset acquisition strategy may increase our use of non-match-funded financing, increase the guarantee obligations we agree to incur or increase the number of transactions we enter into with affiliates. Our failure to accurately assess the risks inherent in new asset categories or the financing risks associated with such assets could adversely affect our results of operations and our financial condition.

Our Manager will not be liable to us for any acts or omissions performed in accordance with the Management Agreement, including with respect to the performance of our assets.

Pursuant to our Management Agreement, our Manager will not assume any responsibility other than to render the services called for thereunder in good faith and will not be responsible for any action of our board of directors in following or declining to follow its advice or recommendations. Our Manager, its members, managers, officers and employees will not be liable to us or any of our subsidiaries, to our board of directors, or our or any subsidiary's shareholders or partners for any acts or omissions by our Manager, its members, managers, officers or employees, except liability to the Company, our shareholders, directors, officers and employees and persons controlling us, by reason of acts constituting bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement. We will, to the full extent lawful, reimburse, indemnify and hold our Manager, its members, managers, officers and employees, sub-advisers and each other person, if any, controlling our Manager harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of an indemnified party made in good faith in the performance of our Manager's duties under our Management Agreement and not constituting such indemnified party's bad faith, willful misconduct, gross negligence or reckless disregard of our Manager's duties under our Management Agreement.

Our Manager's due diligence of potential asset acquisitions or other transactions may not identify all pertinent risks, which could materially affect our business, financial condition, liquidity and results of operations.

Our Manager intends to conduct due diligence with respect to each asset acquisition opportunity or other transaction it pursues. It is possible, however, that our Manager's due diligence processes will not uncover all relevant facts, particularly with respect to any assets we acquire from third parties. In these cases, our Manager may be given limited access to information about the asset and will rely on information provided by the seller of the asset. In addition, if asset acquisition opportunities are scarce, the process for selecting bidders is competitive, or the timeframe in which we are required to complete diligence is short, our

ability to conduct a due diligence investigation may be limited, and we would be required to make decisions based upon a less thorough diligence process than would otherwise be the case. Accordingly, transactions that initially appear to be viable may prove not to be over time, due to the limitations of the due diligence process or other factors.

Risks Related to Taxation

Shareholders may be subject to U.S. federal income tax on their share of our taxable income, regardless of whether they receive any cash dividends from us.

So long as we would not be required to register as an investment company under the Investment Company Act of 1940 if we were a U.S. Corporation and 90% of our gross income for each taxable year constitutes “qualifying income” within the meaning of the Internal Revenue Code of 1986, as amended (the “Code”), on a continuing basis, FTAI will be treated, for U.S. federal income tax purposes, as a partnership and not as an association or publicly traded partnership taxable as a corporation. Shareholders may be subject to U.S. federal, state, local and possibly, in some cases, non-U.S. income taxation on their allocable share of our items of income, gain, loss, deduction and credit (including our allocable share of those items of Holdco or any other entity in which we invest that is treated as a partnership or is otherwise subject to tax on a flow through basis) for each of our taxable years ending with or within their taxable year, regardless of whether they receive cash dividends from us. Shareholders may not receive cash dividends equal to their allocable share of our net taxable income or even the tax liability that results from that income.

In addition, certain of our holdings, including holdings, if any, in a Controlled Foreign Corporation (“CFC”) or a Passive Foreign Investment Company (“PFIC”), may produce taxable income prior to our receipt of cash relating to such income, and shareholders subject to U.S. federal income tax will be required to take such income into account in determining their taxable income.

Under our operating agreement, in the event of an inadvertent partnership termination in which the Internal Revenue Service (“IRS”) has granted us limited relief, each shareholder also is obligated to make such adjustments as are required by the IRS to maintain our status as a partnership. Such adjustments may require shareholders to recognize additional amounts in income during the years in which they have held common shares. We may also be required to make payments to the IRS.

Tax gain or loss on a sale or other disposition of our common shares could be more or less than expected.

If a sale of our common shares by a shareholder is taxable in the United States, the shareholder will recognize gain or loss equal to the difference between the amount realized by such shareholder on such sale and such shareholder’s adjusted tax basis in those shares. Prior distributions to such shareholder in excess of the total net taxable income allocated to such shareholder, which will have decreased such shareholder’s adjusted tax basis in its shares, will effectively increase any gain recognized by such shareholder if the shares are sold at a price greater than such shareholder’s adjusted tax basis in those shares, even if the price is less than their original cost to such shareholder. A portion of the amount realized, whether or not representing gain, may be treated as ordinary income to such shareholder.

Our ability to make distributions depends on our receiving sufficient cash distributions from our subsidiaries, and we cannot assure our shareholders that we will be able to make cash distributions to them in amounts that are sufficient to fund their tax liabilities.

Our subsidiaries may be subject to local taxes in each of the relevant territories and jurisdictions in which they operate, including taxes on income, profits or gains and withholding taxes. As a result, our funds available for distribution is indirectly reduced by such taxes, and the post-tax return to our shareholders is similarly reduced by such taxes.

In general, a shareholder that is subject to U.S. federal income tax must include in income its allocable share of FTAI’s items of income, gain, loss, deduction, and credit (including, so long as FTAI is treated as a partnership for tax purposes, FTAI’s allocable share of those items of Holdco and any pass-through subsidiaries of Holdco) for each of our taxable years ending with or within such shareholder’s taxable year. However, the cash distributed to a shareholder may not be sufficient to pay the full amount of such shareholder’s tax liability in respect of its investment in us, because each shareholder’s tax liability depends on such shareholder’s particular tax situation and the tax treatment of our underlying activities or assets.

If we are treated as a corporation for U.S. federal income tax purposes, the value of the shares could be adversely affected.

We have not requested, and do not plan to request, a ruling from the IRS on our treatment as a partnership for U.S. federal income tax purposes, or on any other matter affecting us. As of the date of the consummation of our initial public offering, under then current law and assuming full compliance with the terms of our operating agreement (and other relevant documents) and based upon factual statements and representations made by us, our outside counsel opined that we will be treated as a partnership, and not as an association or a publicly traded partnership taxable as a corporation for U.S. federal income tax purposes. However, opinions of counsel are not binding upon the IRS or any court, and the IRS may challenge this conclusion and a court may sustain such a challenge. The factual representations made by us upon which our outside counsel relied relate to our organization, operation, assets, activities, income, and present and future conduct of our operations. In general, if an entity that would otherwise be classified

as a partnership for U.S. federal income tax purposes is a “publicly traded partnership” (as defined in the Code) it will be nonetheless treated as a corporation for U.S. federal income tax purposes, unless the exception described below, and upon which we intend to rely, applies. A publicly traded partnership will, however, be treated as a partnership, and not as a corporation for U.S. federal income tax purposes, so long as 90% or more of its gross income for each taxable year constitutes “qualifying income” within the meaning of the Code and it is not required to register as an investment company under the Investment Company Act of 1940. We refer to this exception as the “Qualifying Income Exception.”

Qualifying income generally includes dividends, interest, capital gains from the sale or other disposition of stocks and securities and certain other forms of investment income. We currently expect that a substantial portion of our income will constitute either “Subpart F” income (defined below) derived from CFCs or QEF Inclusions (as defined below). While we believe that such income constitutes qualifying income, no assurance can be given that the IRS will agree with such position. We also believe that our return from investments will include interest, dividends, capital gains and other types of qualifying income, but no assurance can be given as to the types of income that will be earned in any given year.

If we fail to satisfy the Qualifying Income Exception, we would be required to pay U.S. federal income tax at regular corporate rates on our worldwide income. In addition, we would likely be liable for state and local income and/or franchise taxes on such income. Dividends to shareholders would constitute ordinary dividend income taxable to such shareholders to the extent of our earnings and profits, and the payment of these dividends would not be deductible by us. Taxation of us as a publicly traded partnership taxable as a corporation could result in a material adverse effect on our cash flow and the after-tax returns for shareholders and thus could result in a substantial reduction in the value of our common shares.

Non-U.S. Holders (defined below) should anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning and disposing of our common shares.

In light of our intended investment activities, we may be, or may become, engaged in a U.S. trade or business for U.S. federal income tax purposes, in which case some portion of our income would be treated as effectively connected income with respect to Non-U.S. Holders. Moreover, we anticipate that, in the future, we will sell interests in U.S. real holding property corporations (each a “USRPHC”) and therefore be deemed to be engaged in a U.S. trade or business for that reason at such time. If we were to realize gain from the sale or other disposition of a U.S. real property interest (including a USRPHC) or were otherwise engaged in a U.S. trade or business, Non-U.S. Holders generally would be required to file U.S. federal income tax returns and would be subject to U.S. federal withholding tax on their allocable share of the effectively connected income on gain at the highest marginal U.S. federal income tax rates applicable to ordinary income. Non-U.S. holders that are corporations may also be subject to a branch profits tax on their allocable share of such income. In addition, if we were treated as being engaged in a U.S. trade or business, a portion of any gain recognized by a Non-U.S. Holder on the sale or exchange of its common shares could be treated for U.S. federal income tax purposes as effectively connected income, and hence such Non-U.S. Holder could be subject to U.S. federal income tax on the sale or exchange. Accordingly, Non-U.S. Holders should anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning our common shares.

Non-U.S. Holders that hold (or are deemed to hold) more than 5% of our common shares (or held, or were deemed to hold, more than 5% of our common shares) may be subject to U.S. federal income tax upon the disposition of some or all their common shares.

If a Non-U.S. Holder held more than 5% of our common shares at any time during the 5 year period preceding such Non-U.S. Holder’s disposition of our common shares, and we were considered a USRPHC (determined as if we were a U.S. corporation) at any time during such 5 year period because of our current or previous ownership of U.S. real property interests above a certain threshold, such Non-U.S. Holder may be subject to U.S. tax on such disposition of our common shares (and may have a U.S. tax return filing obligation).

Tax-exempt shareholders may face certain adverse U.S. tax consequences from owning our common shares.

We are not required to manage our operations in a manner that would minimize the likelihood of generating income that would constitute “unrelated business taxable income” (“UBTI”) to the extent allocated to a tax-exempt shareholder. Although we expect to invest through subsidiaries that are treated as corporations for U.S. federal income tax purposes and such corporate investments would generally not result in an allocation of UBTI to a shareholder on account of the activities of those subsidiaries, we may not invest through corporate subsidiaries in all cases. Moreover, UBTI includes income attributable to debt-financed property and we are not prohibited from debt financing our investments, including investments in subsidiaries. Furthermore, we are not prohibited from being (or causing a subsidiary to be) a guarantor of loans made to a subsidiary. If we (or certain of our subsidiaries) were treated as the borrower for U.S. tax purposes on account of those guarantees, some or all of our investments could be considered debt-financed property. The potential for income to be characterized as UBTI could make our common shares an unsuitable investment for a tax-exempt entity. Tax-exempt shareholders are urged to consult their tax advisors regarding the tax consequences of an investment in common shares.

We may hold or acquire certain investments through an entity classified as a PFIC or CFC for U.S. federal income tax purposes.

Certain of our investments may be in non-U.S. corporations or may be acquired through a non-U.S. subsidiary that would be classified as a corporation for U.S. federal income tax purposes. Such an entity may be a PFIC or a CFC for U.S. federal income tax purposes. U.S. Holders indirectly owning an interest in a PFIC or a CFC may experience adverse U.S. tax consequences.

If substantially all of the U.S. source rental income derived from aircraft or ships used to transport passengers or cargo in international traffic (“U.S. source international transport rental income”) of any of our non-U.S. corporate subsidiaries is attributable to activities of personnel based in the United States, such subsidiary could be subject to U.S. federal income tax on a net income basis at regular tax rates, rather than at a rate of 4% on gross income, which would adversely affect our business and result in decreased funds available for distribution to our shareholders.

We expect that the U.S. source international transport rental income of our non-U.S. subsidiaries generally will be subject to U.S. federal income tax, on a gross income basis, at a rate of not in excess of 4% as provided in Section 887 of the Code. If, contrary to expectations, any of our non-U.S. subsidiaries that is treated as a corporation for U.S. federal income tax purposes did not comply with certain administrative guidelines of the IRS, such that 90% or more of such subsidiary’s U.S. source international transport rental income were attributable to the activities of personnel based in the United States (in the case of bareboat leases) or from “regularly scheduled transportation” as defined in such administrative guidelines (in the case of time-charter leases), such subsidiary’s U.S. source rental income would be treated as income effectively connected with a trade or business in the United States. In such case, such subsidiary’s U.S. source international transport rental income would be subject to U.S. federal income tax at a maximum rate of 35%. In addition, such subsidiary would be subject to the U.S. federal branch profits tax on its effectively connected earnings and profits at a rate of 30%. The imposition of such taxes would adversely affect our business and would result in decreased funds available for distribution to our shareholders.

Our subsidiaries may become subject to unanticipated tax liabilities that may have a material adverse effect on our results of operations.

Our subsidiaries may be subject to income, withholding or other taxes in certain non-U.S. jurisdictions by reason of their activities and operations, where their assets are used, or where the lessees of their assets (or others in possession of their assets) are located, and it is also possible that taxing authorities in any such jurisdictions could assert that our subsidiaries are subject to greater taxation than we currently anticipate. For example, a portion of certain of our non-U.S. corporate subsidiaries’ income is treated as effectively connected with a U.S. trade or business, and is accordingly subject to U.S. federal income tax. It is possible that the IRS could assert that a greater portion of any such non-U.S. subsidiaries’ income is effectively connected income that should be subject to U.S. federal income tax.

Our structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Our structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of our shareholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Prospective investors should be aware that the U.S. federal income tax rules are constantly under review by persons involved in the legislative process, the IRS, and the U.S. Treasury Department, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The IRS pays close attention to the proper application of tax laws to partnerships. The present U.S. federal income tax treatment of an investment in our common shares may be modified by administrative, legislative or judicial interpretation at any time, possibly on a retroactive basis, and any such action may affect our investments and commitments that were previously made, and could adversely affect the value of our shares or cause us to change the way we conduct our business.

Our organizational documents and agreements permit the board of directors to modify our operating agreement from time to time, without the consent of shareholders, in order to address certain changes in Treasury regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all shareholders. Moreover, we will apply certain assumptions and conventions in an attempt to comply with applicable rules and to report income, gain, deduction, loss and credit to shareholders in a manner that reflects such shareholders’ beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, these assumptions and conventions may not be in compliance with all aspects of applicable tax requirements. It is possible that the IRS will assert successfully that the conventions and assumptions used by us do not satisfy the technical requirements of the Code and/or Treasury regulations and could require that items of income, gain, deduction, loss or credit, including interest deductions, be adjusted, reallocated, or disallowed, in a manner that adversely affects shareholders.

We could incur a significant tax liability if the IRS successfully asserts that the “anti-stapling” rules apply to our investments in our non-U.S. and U.S. subsidiaries, which would adversely affect our business and result in decreased funds available for distribution to our shareholders.

If we were subject to the “anti-stapling” rules of Section 269B of the Code, we would incur a significant tax liability as a result of owning more than 50% of the value of both U.S. and non-U.S. corporate subsidiaries, whose equity interests constitute “stapled interests” that may only be transferred together. If the “anti-stapling” rules applied, our non-U.S. corporate subsidiaries that are treated as corporations for U.S. federal income tax purposes would be treated as U.S. corporations, which would cause those entities to be subject to U.S. federal corporate income tax on their worldwide income. Because we intend to separately manage and operate our non-U.S. and U.S. corporate subsidiaries and structure their business activities in a manner that would allow us to dispose of such subsidiaries separately, we do not expect that the “anti-stapling” rules will apply. However, there can be no assurance that the IRS would not successfully assert a contrary position, which would adversely affect our business and result in decreased funds available for distribution to our shareholders.

We cannot match transferors and transferees of our shares, and we have therefore adopted certain income tax accounting positions that may not conform with all aspects of applicable tax requirements. The IRS may challenge this treatment, which could adversely affect the value of our shares.

Because we cannot match transferors and transferees of our shares, we have adopted depreciation, amortization and other tax accounting positions that may not conform with all aspects of existing Treasury regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our shareholders. It also could affect the timing of these tax benefits or the amount of gain on the sale of our common shares and could have a negative impact on the value of our common shares or result in audits of and adjustments to our shareholders’ tax returns.

We may allocate items of income, gain, loss, and deduction using a monthly or other convention, whereby any such items we recognize in a given month are allocated to our shareholders as of a specified date of such month. As a result, if a shareholder transfers its common shares, it might be allocated income, gain, loss, and deduction realized by us after the date of the transfer. Similarly, if a shareholder acquires additional common shares, it might be allocated income, gain, loss, and deduction realized by us prior to its ownership of such common shares. Consequently, our shareholders may recognize income in excess of cash distributions received from us, and any income so included by a shareholder would increase the basis such shareholder has in its common shares and would offset any gain (or increase the amount of loss) realized by such shareholder on a subsequent disposition of its common shares.

The sale or exchange of 50% or more of our common shares within a 12-month period will result in our termination for U.S. federal income tax purposes.

We will be considered to have terminated as a partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our common shares within a 12-month period. Our termination would, among other things, result in the closing of our taxable year for all shareholders and could result in a deferral of depreciation and amortization deductions allowable in computing our taxable income.

Risks Related to Our Common Shares

There can be no assurance that the market for our shares will provide you with adequate liquidity.

Our common shares began trading on the NYSE on May 15, 2015. There can be no assurance that an active trading market for our common shares will develop or be sustained in the future. Accordingly, if an active trading market for our common shares does not develop or is not maintained, the liquidity of our common shares, your ability to sell your common shares when desired and the prices that you may obtain for your common shares will be adversely affected.

The market price and trading volume of our common shares may be volatile, which could result in rapid and substantial losses for our shareholders.

Even if an active trading market develops and is sustained, the market price of our common shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common shares may fluctuate and cause significant price variations to occur. If the market price of our common shares declines significantly, you may be unable to resell your shares at or above your purchase price, if at all. The market price of our common shares may fluctuate or decline significantly in the future. Some of the factors that could negatively affect our share price or result in fluctuations in the price or trading volume of our common shares include:

- a shift in our investor base;
- our quarterly or annual earnings, or those of other comparable companies;
- actual or anticipated fluctuations in our operating results;

- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of significant investments, acquisitions or dispositions;
- the failure of securities analysts to cover our common shares;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- the operating and share price performance of other comparable companies;
- overall market fluctuations;
- general economic conditions; and
- developments in the markets and market sectors in which we participate.

Stock markets in the United States have experienced extreme price and volume fluctuations. Market fluctuations, as well as general political and economic conditions such as acts of terrorism, prolonged economic uncertainty, a recession or interest rate or currency rate fluctuations, could adversely affect the market price of our common shares.

We are an emerging growth company within the meaning of the Securities Act, and due to our taking advantage of certain exemptions from various reporting requirements applicable to emerging growth companies, our common shares could be less attractive to investors.

We are an “emerging growth company” as defined in the JOBS Act. As such, we have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies” including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We will remain an emerging growth company until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed \$1 billion, (b) the last day of the fiscal year following the fifth anniversary of our initial public offering, (c) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our common shares that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter or (d) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three-year period. Because we have taken advantage of each of these exemptions, we do not know if some investors will find our common shares less attractive as a result. The result may be a less active trading market for our common shares and our share price may be more volatile.

We will be required by Section 404 of the Sarbanes-Oxley Act to evaluate the effectiveness of our internal controls, and the outcome of that effort may adversely affect our results of operations, financial condition and liquidity.

As a public company, we are required to comply with Section 404 of the Sarbanes-Oxley Act (the timing of when to comply with the auditor attestation requirements will be determined based on whether we take advantage of certain JOBS Act provisions applicable to emerging growth companies). Section 404 requires that we evaluate our internal control over financial reporting to enable management to report on the effectiveness of those controls. We have undertaken a review of our internal controls and procedures. While we have begun the process of evaluating our internal controls, we are in the early phases of our review. The outcome of our review may adversely affect our results of operations, financial condition and liquidity. During the course of our review, we may identify control deficiencies of varying degrees of severity, and we may incur significant costs to remediate those deficiencies or otherwise improve our internal controls. As a public company, we are required to report control deficiencies that constitute a “material weakness” in our internal control over financial reporting. If we fail to implement the requirements of Section 404 in a timely manner, we may be subject to sanctions or investigation by regulatory authorities, including the SEC or the NYSE. Furthermore, if we discover a material weakness, our share price could decline and our ability to raise capital could be impaired.

Your percentage ownership in us may be diluted in the future.

Your percentage ownership in FTAI may be diluted in the future because of equity awards that may be granted to our Manager pursuant to our Management Agreement. Upon the successful completion of an offering of our common shares or other equity securities (including securities issued as consideration in an acquisition), we will grant our Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in such offering (or if the issuance relates to equity securities other than our common shares, options to purchase a number of common shares equal to 10% of the gross capital raised in the equity issuance divided by the fair market value of a common share as of the date of the issuance), with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser or attributed to such securities in connection with an acquisition (or the fair market value of a common share as of the date of the equity issuance if it relates to equity securities

other than our common shares), and any such offering or the exercise of the option in connection with such offering would cause dilution.

Our board of directors has adopted the Fortress Transportation and Infrastructure Investors Nonqualified Stock Option and Incentive Award Plan (the "Incentive Plan") which provides for the grant of equity-based awards, including restricted stock, stock options, stock appreciation rights, performance awards, restricted stock units, tandem awards and other equity-based and non-equity based awards, in each case to our Manager, to the directors, officers, employees, service providers, consultants and advisors of our Manager who perform services for us, and to our directors, officers, employees, service providers, consultants and advisors. We have initially reserved 30,000,000 common shares for issuance under the Incentive Plan; on the date of any equity issuance by the Company during the ten-year term of the Incentive Plan (including in respect of securities issued as consideration in an acquisition), the maximum number of shares available for issuance under the Plan will be increased to include an additional number of common shares equal to ten percent (10%) of either (i) the total number of common shares newly issued by the Company in such equity issuance or (ii) if such equity issuance relates to equity securities other than our common shares, a number of our common shares equal to 10% of (i) the gross capital raised in an equity issuance of equity securities other than common shares during the ten-year term of the Incentive Plan, divided by (ii) the fair market value of a common share as of the date of such equity issuance.

Sales or issuances of shares of our common shares could adversely affect the market price of our common shares.

Sales of substantial amounts of shares of our common shares in the public market, or the perception that such sales might occur, could adversely affect the market price of our common shares. The issuance of our common shares in connection with property, portfolio or business acquisitions or the exercise of outstanding options or otherwise could also have an adverse effect on the market price of our common shares.

The incurrence or issuance of debt, which ranks senior to our common shares upon our liquidation, and future issuances of equity or equity-related securities, which would dilute the holdings of our existing common shareholders and may be senior to our common shares for the purposes of making distributions, periodically or upon liquidation, may negatively affect the market price of our common shares.

We have incurred and may in the future incur or issue debt or issue equity or equity-related securities to finance our operations. Upon our liquidation, lenders and holders of our debt and holders of our preferred shares (if any) would receive a distribution of our available assets before common shareholders. Any future incurrence or issuance of debt would increase our interest cost and could adversely affect our results of operations and cash flows. We are not required to offer any additional equity securities to existing common shareholders on a preemptive basis. Therefore, additional issuances of common shares, directly or through convertible or exchangeable securities (including limited partnership interests in our operating partnership), warrants or options, will dilute the holdings of our existing common shareholders and such issuances, or the perception of such issuances, may reduce the market price of our common shares. Any preferred shares issued by us would likely have a preference on distribution payments, periodically or upon liquidation, which could eliminate or otherwise limit our ability to make distributions to common shareholders. Because our decision to incur or issue debt or issue equity or equity-related securities in the future will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, nature or success of our future capital raising efforts. Thus, common shareholders bear the risk that our future incurrence or issuance of debt or issuance of equity or equity-related securities will adversely affect the market price of our common shares.

Our determination of how much leverage to use to finance our acquisitions may adversely affect our return on our assets and may reduce funds available for distribution.

We utilize leverage to finance many of our asset acquisitions, which entitles certain lenders to cash flows prior to retaining a return on our assets. While our Manager targets using only what we believe to be reasonable leverage, our strategy does not limit the amount of leverage we may incur with respect to any specific asset. The return we are able to earn on our assets and funds available for distribution to our shareholders may be significantly reduced due to changes in market conditions, which may cause the cost of our financing to increase relative to the income that can be derived from our assets.

While we currently intend to pay regular quarterly dividends to our shareholders, we may change our dividend policy at any time.

Although we currently intend to pay regular quarterly dividends to holders of our common shares, we may change our dividend policy at any time. The declaration and payment of dividends to holders of our common shares will be at the discretion of our board of directors in accordance with applicable law after taking into account various factors, including actual results of operations, liquidity and financial condition, restrictions imposed by applicable law, our taxable income, our operating expenses and other factors our board of directors deem relevant. Our long term goal is to maintain a payout ratio of between 50-60% of funds available for distribution, with remaining amounts used primarily to fund our future acquisitions and opportunities. As a public company, there can be no assurance that we will pay dividends in amounts or on a basis consistent with prior distributions to our investors, if at all. Because we are a holding company and have no direct operations, we will only be able to pay dividends

from our available cash on hand and any funds we receive from our subsidiaries and our ability to receive distributions from our subsidiaries may be limited by the financing agreements to which they are subject. In addition, pursuant to the Partnership Agreement, the General Partner will be entitled to receive incentive allocations before any amounts are distributed by the Company based both on our consolidated net income and capital gains income in each fiscal quarter and for each fiscal year, respectively.

Anti-takeover provisions in our operating agreement and Delaware law could delay or prevent a change in control.

Provisions in our operating agreement may make it more difficult and expensive for a third party to acquire control of us even if a change of control would be beneficial to the interests of our shareholders. For example, our operating agreement provides for a staggered board, requires advance notice for proposals by shareholders and nominations, places limitations on convening shareholder meetings, and authorizes the issuance of preferred shares that could be issued by our board of directors to thwart a takeover attempt. In addition, certain provisions of Delaware law may delay or prevent a transaction that could cause a change in our control. The market price of our shares could be adversely affected to the extent that provisions of our operating agreement discourage potential takeover attempts that our shareholders may favor.

There are certain provisions in our operating agreement regarding exculpation and indemnification of our officers and directors that differ from the Delaware General Corporation Law (the "DGCL") in a manner that may be less protective of the interests of our shareholders.

Our operating agreement provides that to the fullest extent permitted by applicable law our directors or officers will not be liable to us. Under the DGCL, a director or officer would be liable to us for (i) breach of duty of loyalty to us or our shareholders, (ii) intentional misconduct or knowing violations of the law that are not done in good faith, (iii) improper redemption of shares or declaration of dividend, or (iv) a transaction from which the director derived an improper personal benefit. In addition, our operating agreement provides that we indemnify our directors and officers for acts or omissions to the fullest extent provided by law. Under the DGCL, a corporation can only indemnify directors and officers for acts or omissions if the director or officer acted in good faith, in a manner he reasonably believed to be in the best interests of the corporation, and, in criminal action, if the officer or director had no reasonable cause to believe his conduct was unlawful. Accordingly, our operating agreement may be less protective of the interests of our shareholders, when compared to the DGCL, insofar as it relates to the exculpation and indemnification of our officers and directors.

As a public company, we will incur additional costs and face increased demands on our management.

As a newly public company with shares listed on the NYSE, we need to comply with an extensive body of regulations that did not apply to us previously, including certain provisions of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, regulations of the SEC and requirements of the NYSE. We expect these rules and regulations will increase our legal and financial compliance costs and make some activities to our board of directors more time-consuming and costly. For example, as a result of becoming a public company, we have added independent directors and created additional board committees. In addition, we may incur additional costs associated with our public company reporting requirements and maintaining directors' and officers' liability insurance. We are currently evaluating and monitoring developments with respect to these rules, which may impose additional costs on us and have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our common shares, our share price and trading volume could decline.

The trading market for our common shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our common units or publishes inaccurate or unfavorable research about our business, our common share price may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our common share price or trading volume to decline and our common shares to be less liquid.

Item 1B. Unresolved Staff Comments

We have no unresolved staff comments.

Item 2. Properties

An affiliate of our Manager leases principal executive offices at 1345 Avenue of the Americas, New York, NY 10105. We also lease office space from an affiliate of our Manager in Florida, Ireland, and Dubai. Our Railroad operating segment owns approximately 480 miles of rail lines, related corridor, and railyards in Maine, Vermont, Quebec, Canada, as well as leases approximately 8,500 square feet of office space and approximately 20 acres of railroad facilities in Maine. Our Jefferson Terminal operating segment leases approximately 200 acres of property for its terminal facilities and leases approximately 9,600 square feet

of office space in Texas. We believe that our office facilities and properties are suitable and adequate for our business as it is contemplated to be conducted.

Item 3. Legal Proceedings

We are and may become involved in legal proceedings, including but not limited to regulatory investigations and inquiries, in the ordinary course of our business. Although we are unable to predict with certainty the eventual outcome of any litigation, regulatory investigation or inquiry, in the opinion of management, we do not expect our current and any threatened legal proceedings to have a material adverse effect on our business, financial position or results of operations. Given the inherent unpredictability of these types of proceedings, however, it is possible that future adverse outcomes could have a material adverse effect on our financial results.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

We have one class of common stock which began trading on the NYSE under the symbol "FTAI" on May 15, 2015, the date of our initial public offering. The following table sets forth, for the periods indicated, the high, low and last sale prices in dollars on the NYSE for our shares and the dividends per share we declared with respect to the periods indicated.

	High	Low	Last Sale	Dividends Declared (A)
2015				
Second Quarter	\$ 19.20	\$ 15.85	\$ 18.13	\$ 0.15
Third Quarter	\$ 18.90	\$ 11.83	\$ 12.83	\$ 0.33
Fourth Quarter	\$ 15.27	\$ 9.15	\$ 11.26	\$ 0.33

(A) Represents amounts our board of directors declared as dividends based on earnings and liquidity with respect to the specified periods. The actual declaration dates occurred in the following quarter.

We may declare quarterly distributions on our common stock. No assurance, however, can be given that any future distributions will be made or, if made, as to the amounts or timing of any future distributions as such distributions are subject to our results of operations, liquidity and financial condition, restrictions imposed by applicable law, our taxable income, our operating expenses and other factors our board of directors deem relevant.

On November 3, 2015, our board of directors declared a cash dividend on its common stock of \$0.33 per share, payable to shareholders of record on November 20, 2015. This dividend was paid on November 30, 2015.

On December 31, 2015, the closing sale price for our common stock, as reported on the NYSE, was \$11.26. As of February 23, 2016, there were approximately 9 record holders of our common stock. This figure does not reflect the beneficial ownership of shares held in nominee name.

Nonqualified Stock Option and Incentive Award Plan

In 2015, subsequent to the IPO, the Company established a Nonqualified Stock Option and Incentive Award Plan ("Incentive Plan") which provides for the ability to award equity compensation awards in the form of stock options, stock appreciation rights, restricted stock, and performance awards to eligible employees, consultants, directors, and other individuals who provide services to the Company, each as determined by the Compensation Committee of the Board of Directors. As of December 31, 2015, the Incentive Plan provides for the issuance of up to 30,000,000 shares.

The following table summarizes the total number of outstanding securities in the Plan and the number of securities remaining for future issuance, as well as the weighted average strike price of all outstanding securities as of December 31, 2015.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans ⁽¹⁾
Equity compensation plans approved by security holders	15,000	\$ 16.98	29,985,000
Equity compensation plans not approved by security holders	—	—	—
Total	15,000		29,985,000

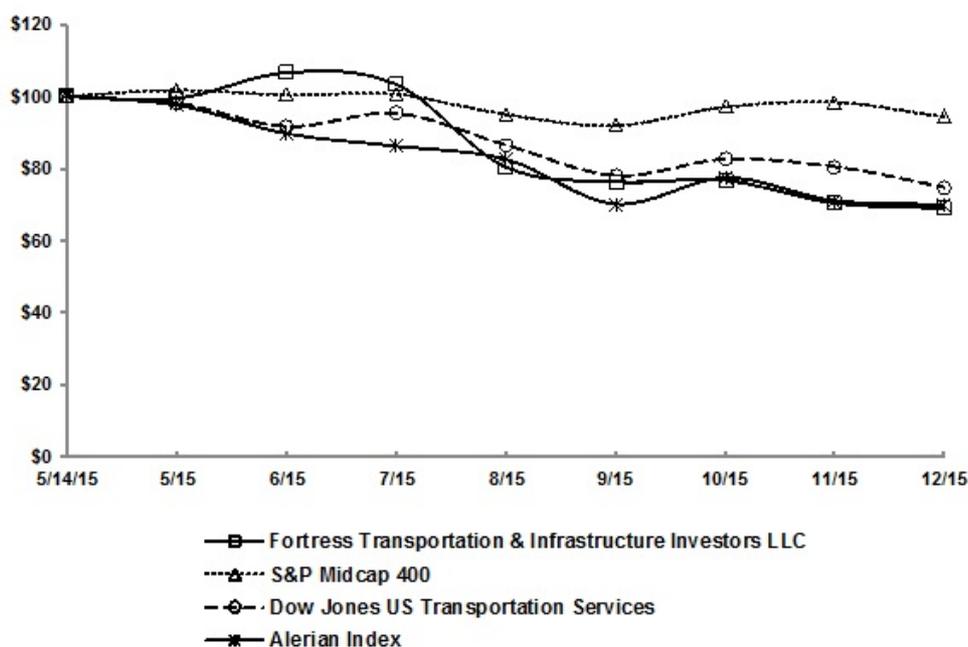
⁽¹⁾ Excludes securities reflected in column 'Number of securities to be issued upon exercise of outstanding options, warrants, and rights

Performance Graph

The following graph compares the cumulative total return for our shares (stock price change plus reinvested dividends) with the comparable return of three indices: S&P Mid Cap 400, Dow Jones US Transportation Services, and Alerian Index. The graph assumes an investment of \$100 in the Company's shares on May 14, 2015 and in each of the indices on April 30, 2015, and that all dividends were reinvested. The past performance of our shares is not an indication of future performance

COMPARISON OF 7 MONTH CUMULATIVE TOTAL RETURN*

Among Fortress Transportation & Infrastructure Investors LLC, the S&P Midcap 400 Index, the Dow Jones US Transportation Services Index, and Alerian Index



Index	Period Ending									
	5/15/15	5/31/15	6/30/15	7/31/15	8/31/15	9/30/15	10/31/15	11/30/15	12/31/15	
Fortress Transportation & Infrastructure Investors LLC	100.00	99.41	106.65	103.35	80.38	76.27	76.69	70.38	68.91	
S&P Midcap 400	100.00	101.78	100.44	100.57	94.96	91.90	97.08	98.39	94.29	
Dow Jones US Transportation Services	100.00	98.15	91.71	95.34	86.54	78.03	82.64	80.52	74.79	
Alerian Index	100.00	97.61	89.70	86.22	82.57	70.13	77.43	71.00	69.93	

Item 6. Selected Financial Data

The selected historical financial information set forth below as of, and for the years ended, December 31, 2015, 2014, 2013, 2012, and 2011 has been derived from our audited historical consolidated financial statements.

The Company completed an IPO on May 20, 2015 in which Fortress Worldwide Transportation and Infrastructure Investors LP, Fortress Worldwide Transportation and Infrastructure Offshore LP, and Fortress Worldwide Transportation and Infrastructure Master GP LLP (collectively the "Initial Shareholders"), immediately prior to the consummation of the IPO, received shares in proportion to their respective ownership percentages. As a result, the Company has retrospectively presented the shares outstanding for all prior periods presented.

The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in Item 7 and the consolidated financial statements and notes thereto included in Item 8 in this Annual Report on Form 10-K.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in thousands except share and per share data)				
Revenues					
Equipment leasing revenues					
Lease income	\$ 64,883	\$ 27,681	\$ 9,284	\$ 126	\$ 740
Maintenance revenue	17,286	5,964	2,242	2,255	371
Finance lease income	8,747	10,013	7,781	94	—
Other revenue	1,827	326	223	1,014	16
Total equipment leasing revenues	92,743	43,984	19,530	3,489	1,127
Infrastructure revenues					
Lease income	4,620	1,325	—	—	—
Rail revenues	25,550	9,969	—	—	—
Terminal services revenues	13,655	2,652	—	—	—
Total infrastructure revenues	43,825	13,946	—	—	—
Total revenues	136,568	57,930	19,530	3,489	1,127
Expenses					
Operating expenses	68,793	27,223	3,157	2,451	71
General and administrative	7,568	2,007	805	569	2,298
Acquisition and transaction expenses	5,683	11,450	260	—	—
Management fees and incentive allocation to affiliate	15,018	5,463	2,211	520	63
Depreciation and amortization	45,308	15,998	3,909	887	227
Interest expense	19,311	5,872	2,816	30	—
Total expenses	161,681	68,013	13,158	4,457	2,659
Other income (expense)					
Equity in (loss) earnings of unconsolidated entities	(6,956)	6,093	10,325	3,162	—
Gain on sale of equipment, net	3,419	7,576	2,415	—	—
Gain on sale of unconsolidated entity	—	—	6,144	—	—
Interest income	579	186	23	—	—
Other income	26	20	—	—	—
Total other income (expense)	(2,932)	13,875	18,907	3,162	—
(Loss) income before income taxes	(28,045)	3,792	25,279	2,194	(1,532)
Provision for income taxes	586	874	—	—	—
Net (loss) income	(28,631)	2,918	25,279	2,194	(1,532)
Less: Net (loss) income attributable to non-controlling interest in consolidated subsidiaries	(16,805)	(4,862)	458	—	—
Net (Loss) Income attributable to shareholders	(11,826)	7,780	24,821	2,194	(1,532)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in thousands except share and per share data)				
(Loss) Earnings per Share:					
Basic	\$ (0.18)	\$ 0.15	\$ 0.46	\$ 0.04	\$ (0.03)
Diluted	\$ (0.18)	\$ 0.15	\$ 0.46	\$ 0.04	\$ (0.03)
Weighted Average Shares Outstanding:					
Basic	67,039,439	53,502,873	53,502,873	53,502,873	53,502,873
Diluted	67,039,439	53,502,873	53,502,873	53,502,873	53,502,873
Dividends declared per share of common stock		—	—	—	—
Balance Sheet data:					
Total Assets	1,649,641	1,404,740	278,647	170,574	17,316
Debt	271,057	592,867	73,388	55,991	—
Total Liabilities	358,955	691,243	82,763	58,559	6,461
Total Equity	1,290,686	713,497	195,884	112,015	10,855
Cash Flow data:					
Net cash provided by (used in):					
Operating activities	23,528	(31,551)	11,913	(2,021)	924
Investing activities	(239,921)	(571,416)	(87,765)	(149,554)	(12,302)
Financing activities	575,971	617,856	78,964	154,599	12,478

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help you understand Fortress Transportation and Infrastructure Investors LLC (the "Company"). The Company's MD&A should be read in conjunction with its consolidated financial statements and the accompanying notes, and with Part I, Item 1A, "Risk Factors" and "Forward-Looking Statements" included elsewhere in this Annual Report on Form 10-K.

Overview

We own and acquire high quality infrastructure and related equipment that is essential for the transportation of goods and people globally. We target assets that, on a combined basis, generate strong cash flows with potential for earnings growth and asset appreciation. We believe that there are a large number of acquisition opportunities in our markets, and that our Manager's expertise and business and financing relationships, together with our access to capital, will allow us to take advantage of these opportunities. We are externally managed by FIG LLC (the "Manager"), an affiliate of Fortress Investment Group LLC ("Fortress"), which has a dedicated team of professionals who collectively have acquired over \$17 billion in transportation and infrastructure assets since 2002. As of December 31, 2015, we had total consolidated assets of \$1.6 billion and total equity of \$1.3 billion.

In May 2015, the remaining capital commitments of the investors of the Onshore Fund, Offshore Fund and Master GP were called. Through a series of transactions, the Master GP contributed its rights to previously undistributed incentive allocations pursuant to the Partnership Agreement in exchange for the limited partnership interests in the Onshore Fund and the Offshore Fund equal to the amount of any such undistributed incentive allocations and 53,502,873 common shares were issued to the Onshore Fund and Offshore Fund based on their relative interests in the Company. In November 2015, the Onshore Fund and the Offshore Fund each distributed to their respective limited partners the common shares allocated to their limited partners in accordance with their respective limited partnership agreements.

On May 20, 2015, we completed an initial public offering ("IPO") of 20 million common shares at a price to the public of \$17.00 per share. On June 15, 2015, the underwriters exercised their overallotment option, pursuant to which we issued an additional 2.2 million shares to such underwriters at the IPO price.

The Company has used and intends to use the net proceeds from the IPO, together with other sources of capital and liquidity, for the acquisition of new assets in the sectors the Company currently invests in, as well as to opportunistically acquire assets across the entire transportation and transportation-related infrastructure and equipment market. In addition, the Company may use such net proceeds for follow-on investments in existing assets, working capital and other general purposes.

While our strategy permits us to acquire a broad array of transportation-related assets, we are currently active in four sectors where we believe there are meaningful opportunities to deploy capital to achieve attractive risk adjusted returns: aviation, energy, intermodal transport and rail.

- Commercial air travel and air freight activity have historically been long-term growth sectors and are tied to the underlying demand for passenger and freight movement. We continue to see strong demand for aviation related assets.
- Within the energy infrastructure and transportation equipment market, we are focused on two sub-sectors: land-based infrastructure and offshore energy service equipment. Land-based infrastructure refers to facilities that enable the storage, unloading, loading and movement of crude oil and refined products from producers to end users, such as refineries. Customers of land-based infrastructure typically purchase capacity on a take-or-pay basis, and the economics of these assets directly relate to the volume of throughput. Offshore energy service equipment refers to vessels supporting the extraction, processing and transportation of oil and natural gas from deposits located beneath the sea floor. The recent oil price decline has led to oil and gas companies reducing and deferring spending decisions, creating an oversupply of offshore energy assets, and in turn, lower day-rates, utilization and earnings for offshore service companies.
- The intermodal transport market includes the efficient movement of goods throughout multiple modes of transportation, making it possible to move cargo from a point of origin to a final destination without repeated unpacking and repacking. Over the last year, the significant drop in commodity prices has led to a decline in new container prices which has led to lower lease rates and residual values.
- Rail refers to the railroad industry, which has increased its share of freight ton-miles compared to other forms of freight transportation over the past quarter century. This infrastructure, most of which was originally established over 100 years ago, represents a limited supply of assets and a difficult-to-replicate network. We continue to see increased volumes and efficiencies on our network since our investment in CMQR in 2014.

Operating Segments

Our operations consist of two primary strategic business units – Infrastructure and Equipment Leasing. Our Infrastructure Business acquires long-lived assets that provide mission-critical services or functions to transportation networks and typically have high barriers to entry. The Company targets or develops operating businesses with strong margins, stable cash flows and upside from earnings growth and asset appreciation driven by increased use and inflation. Our Equipment Leasing Business acquires assets that are designed to carry cargo or people or provide functionality to transportation infrastructure. Transportation equipment assets are typically long-lived, moveable and leased by us on either operating leases or finance leases to companies that provide transportation services. Our leases generally provide for long-term contractual cash flow with high cash-on-cash yields and may include structural protections to mitigate credit risk.

Our reportable segments are comprised of interests in different types of infrastructure and equipment leasing assets. We currently conduct our business through our corporate operating segment and the following five reportable segments: Aviation Leasing, Offshore Energy, Shipping Containers, all of which are within Equipment Leasing Business, and Jefferson Terminal and Railroad, which together comprise our Infrastructure Business. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Offshore Energy segment consists of vessels and equipment that support offshore oil and gas activities and are typically subject to long-term operating leases. The Shipping Containers segment consists of investments in shipping containers subject to operating leases and finance leases as well as an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers on both an operating lease and finance lease basis. The Jefferson Terminal segment consists of a multi-modal crude and refined products terminal and other related assets which were acquired in 2014. The Railroad segment consists of our Central Maine and Quebec Railway (“CMQR”) short line railroad operations also acquired in 2014. The Corporate operating segment primarily consists of unallocated corporate general and administrative expenses and management fees.

The Company’s reportable segments are comprised of investments in different types of transportation infrastructure and equipment. Each segment requires different investment strategies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies; however, financial information presented by segment includes the impact of intercompany eliminations.

Results of Operations

Adjusted Net Income (Non-GAAP)

The Chief Operating Decision Maker (“CODM”) utilizes Adjusted Net Income as the key performance measure. This performance measure reflects the current management of our businesses and provides the CODM with the information necessary to assess operational performance as well as make resource and allocation decisions. Adjusted Net Income should not be considered as an alternative to net income attributable to shareholders as determined in accordance with U.S. generally accepted accounting principles (“GAAP”).

Adjusted Net Income is defined as net income attributable to shareholders, adjusted (a) to exclude the impact of provision for income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, and equity in earnings of unconsolidated entities, (b) to include the impact of cash income tax payments, our pro-rata share of the Adjusted Net Income from unconsolidated entities (collectively “Adjusted Net Income”), and (c) to exclude the impact of the non-controlling share of Adjusted Net Income. We evaluate investment performance for each reportable segment primarily based on Adjusted Net Income. We believe that net income attributable to shareholders as defined by GAAP is the most appropriate earnings measurement with which to reconcile Adjusted Net Income.

Adjusted EBITDA (Non-GAAP)

In addition, we view Adjusted EBITDA as a secondary measurement to Adjusted Net Income, which serves as a useful supplement to investors, analysts and management to measure operating performance of deployed assets and to compare the Company’s operating results to the operating results of our peers and between periods on a consistent basis. Adjusted EBITDA may not be comparable to similarly titled measures of other companies because other entities may not calculate Adjusted EBITDA in the same manner.

Adjusted EBITDA is defined as net income attributable to shareholders, adjusted (a) to exclude the impact of provision for income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, depreciation and amortization expense, and interest expense, (b) to include the impact of principal collections on direct finance leases (collectively, “Adjusted EBITDA”) and our pro-rata share of Adjusted EBITDA from

unconsolidated entities, and (c) to exclude the impact of equity in earnings of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

Comparison of the year ended December 31, 2015 to the year ended December 31, 2014

The following table presents our consolidated results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2015 as compared to the year ended December 31, 2014:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Revenues			
Equipment leasing revenues			
Lease income	\$ 64,883	\$ 27,681	\$ 37,202
Maintenance revenue	17,286	5,964	11,322
Finance lease income	8,747	10,013	(1,266)
Other revenue	1,827	326	1,501
Total equipment leasing revenues	92,743	43,984	48,759
Infrastructure revenues			
Lease income	4,620	1,325	3,295
Rail revenues	25,550	9,969	15,581
Terminal services revenues	13,655	2,652	11,003
Total infrastructure revenues	43,825	13,946	29,879
Total revenues	136,568	57,930	78,638
Expenses			
Operating expenses	68,793	27,223	41,570
General and administrative	7,568	2,007	5,561
Acquisition and transaction expenses	5,683	11,450	(5,767)
Management fees and incentive allocation to affiliate	15,018	5,463	9,555
Depreciation and amortization	45,308	15,998	29,310
Interest expense	19,311	5,872	13,439
Total expenses	161,681	68,013	93,668
Other income (expense)			
Equity in (loss) earnings of unconsolidated entities	(6,956)	6,093	(13,049)
Gain on sale of equipment, net	3,419	7,576	(4,157)
Interest income	579	186	393
Other income	26	20	6
Total other income (expense)	(2,932)	13,875	(16,807)
(Loss) Income before income taxes	(28,045)	3,792	(31,837)
Provision for income taxes	586	874	(288)
Net (loss) income	(28,631)	2,918	(31,549)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(16,805)	(4,862)	(11,943)
Net (loss) income attributable to shareholders	\$ (11,826)	\$ 7,780	\$ (19,606)
Add: Provision for income taxes	586	874	(288)
Add: Equity-based compensation expense	4,662	1,265	3,397
Add: Acquisition and transaction expenses	5,683	11,450	(5,767)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	14	25	(11)

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities ⁽¹⁾	3,552	6,155	(2,603)
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(507)	(274)	(233)
Less: Equity in losses (earnings) of unconsolidated entities	6,956	(6,093)	13,049
Less: Non-controlling share of Adjusted Net Income ⁽²⁾	(1,333)	(525)	(808)
Adjusted Net Income	\$ 7,787	\$ 20,657	\$ (12,870)

⁽¹⁾ Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for asset impairment charges of \$10,508 for the year ended December 31, 2015. Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for loss on extinguishment of debt of \$62 for the year ended December 31, 2014.

⁽²⁾ Non-controlling share of Adjusted Net Income is comprised of the following for the years ended December 31, 2015 and 2014, respectively: (i) equity-based compensation of \$1,387 and \$454, (ii) provision for income tax of \$16 and \$71, and (iii) cash tax payments of \$(70) and \$0.

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2015 as compared to the year ended December 31, 2014:

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Net (loss) income attributable to shareholders	\$ (11,826)	\$ 7,780	\$ (19,606)
Add: Provision for income taxes	586	874	(288)
Add: Equity-based compensation expense	4,662	1,265	3,397
Add: Acquisition and transaction expenses	5,683	11,450	(5,767)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	14	25	(11)
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense ⁽³⁾	52,324	18,692	33,632
Add: Interest expense	19,311	5,872	13,439
Add: Principal collections on direct finance leases	20,292	11,931	8,361
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽⁴⁾	21,335	40,014	(18,679)
Less: Equity in losses (earnings) of unconsolidated entities	6,956	(6,093)	13,049
Less: Non-controlling share of Adjusted EBITDA ⁽⁵⁾	(12,075)	(2,497)	(9,578)
Adjusted EBITDA	\$ 107,262	\$ 89,313	\$ 17,949

⁽³⁾ Depreciation and amortization expense includes \$45,308 and \$15,998 of depreciation and amortization expense, \$6,774 and \$2,694 of lease intangible amortization, and \$242 and \$0 of amortization for lease incentives for the years ended December 31, 2015 and 2014, respectively.

⁽⁴⁾ The Company's pro-rata share of Adjusted EBITDA from unconsolidated entities includes adjustments for the following items for the years ended December 31, 2015 and 2014: (i) net income (loss) of \$(7,165) and \$5,876, (ii) interest expense of \$1,778 and \$2,561, (iii) depreciation and amortization expense of \$1,866 and \$1,232, (iv) principal collections of finance leases of \$14,348 and \$30,345, and (v) asset impairment charges of \$10,508 and \$0, respectively.

⁽⁵⁾ Non-controlling share of Adjusted EBITDA is comprised of the following items for the years ended December 31, 2015 and 2014: (i) equity based compensation of \$1,387 and \$454, (ii) provision for income taxes of \$16 and \$71, (iii) interest expense of \$4,926 and \$642, and (iv) depreciation and amortization expense of \$5,746 and \$1,330, respectively.

Revenues

Total revenue increased by \$78,638 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily from acquisitions of leasing equipment in 2015 and the full impact of acquisitions completed in the second half of 2014 for lease income, maintenance revenue, rail revenues, and terminal services revenues.

In Equipment Leasing, lease income increased by \$37,202 in the year ended December 31, 2015, as compared to the year ended December 31, 2014, driven by the acquisitions of assets on-lease within the Aviation Leasing and Offshore Energy segments. Maintenance revenue increased by \$11,322 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, as the number of assets subject to leases with maintenance arrangements increased in the comparable periods.

In Infrastructure, the Railroad segment acquisition in the second quarter of 2014 contributed to higher rail revenues of \$15,581 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. The Jefferson Terminal acquisition in the third quarter of 2014 contributed higher terminal services revenues and lease income of \$14,298 in the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Expenses

Total expenses increased by \$93,668 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to increases in operating expenses, management fees, depreciation and amortization, and interest expense offset by a reduction of acquisition and transaction costs.

Operating expenses increased \$41,570 primarily due to the full year impact of facility operations for Jefferson and CMQR, both acquired in 2014.

Management fees and incentive allocation to affiliate increased by \$9,555 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, due to both the increase in the weighted average contributed capital and capital raised during the Company's IPO.

Depreciation and amortization increased by \$29,310 due to the full year impact of Aviation and Offshore assets acquired in 2014 and new purchases of Aviation assets in 2015. Additionally, the full year impact of the CMQR and Jefferson acquisitions and a significant portion of Jefferson assets placed into service during 2015 caused an increase in depreciation expense during 2015.

Interest expense increased by \$13,439 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, due to borrowings in connection with the CMQR and Jefferson Terminal acquisitions, as well as an Offshore Energy segment asset purchase.

Acquisition and transaction expenses decreased by \$5,767 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, as 2014 included costs related to the acquisitions of Jefferson Terminal and CMQR.

Other Income

Total other income decreased by \$16,807 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to lower equity in earnings of unconsolidated entities. Equity in earnings of unconsolidated entities decreased primarily from an impairment charge recorded by our shipping container joint venture in the third quarter of 2015. Additionally, other income was further impacted by lower gains on sale of aviation equipment of \$4,523.

Net (Loss) Income

Net income attributable to shareholders decreased by \$19,606 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, driven primarily by the changes discussed above, but offset by increases in net loss attributable to non-controlling interest in consolidated subsidiaries.

Adjusted Net Income

Adjusted Net Income decreased \$12,870 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to changes in Net (loss) Income attributable to shareholders noted above of \$19,606 and lower acquisition and transaction costs, offset by higher equity-based compensation expense and equity in losses of unconsolidated entities.

Adjusted EBITDA

Adjusted EBITDA increased \$17,949 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes in Net (loss) income attributable to shareholders noted above of \$19,606, the increase was primarily due to increases in (i) equity in losses of unconsolidated entities, (ii) depreciation and amortization expense from additional assets acquired or placed into service across nearly all segments, (iii) interest expense on borrowings executed in the second half of 2014 (iv) equity-based compensation expense and (v) principal collections on direct finance leases. The increase in the year ended December 31, 2015 was offset by (i) a decrease in our pro-rata share of Adjusted EBITDA from unconsolidated entities and (ii) higher non-controlling share of Adjusted EBITDA, mainly due to Jefferson Terminal. The increase in the year ended December 31, 2015 was also offset by lower acquisition and transaction expenses, mainly due to costs to acquire Jefferson Terminal and CMQR, incurred during the year ended December 31, 2014.

Segment Results

Discussed below are our consolidated results of operations for each of our reportable segments (all amounts in U.S. dollars and expressed in thousands).

Aviation Leasing Segment

In our Aviation Leasing segment, we own and manage 60 aviation assets, including 18 commercial passenger aircraft and 42 commercial jet engines.

As of December 31, 2015, 17 of our commercial aircraft and 23 of our jet engines were leased to operators or other third parties. Aviation assets currently off lease are either undergoing repair and/or maintenance, or are currently held in short term storage awaiting a future lease. Our aviation equipment was approximately 86% utilized as of December 31, 2015, based on the equity value of our on-hire leasing equipment as a percentage of the total equity value of our leasing equipment. Our aircraft assets currently have a weighted average remaining lease term of 33 months, and our engine assets currently on-lease have an average remaining lease term of 13 months. The chart below describes the assets in our Aviation Leasing segment:

Aviation Assets	Widebody	Narrowbody	Total
<i>Aircraft</i>			
Assets at January 1, 2015	2	11	13
Purchases	1	4	5
Sales	—	—	—
Assets at December 31, 2015	3	15	18
<i>Jet Engines</i>			
Assets at January 1, 2015	12	15	27
Purchases	7	17	24
Sales	(1)	(8)	(9)
Assets at December 31, 2015	18	24	42

The following table presents our results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Aviation Leasing segment:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Revenues			
Equipment leasing revenues			
Lease income	\$ 42,924	\$ 14,991	\$ 27,933
Maintenance revenue	17,286	5,964	11,322
Other revenue	1,120	3	1,117

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Total revenues	61,330	20,958	40,372
Expenses			
Operating expenses	2,820	1,713	1,107
Depreciation and amortization	23,549	9,445	14,104
Total expenses	26,369	11,158	15,211
Other income			
Gain on sale of equipment, net	3,053	7,576	(4,523)
Interest income	11	26	(15)
Total other income	3,064	7,602	(4,538)
Income before income taxes	38,025	17,402	20,623
Provision for income taxes	668	490	178
Net income	37,357	16,912	20,445
Less: Net income attributable to non-controlling interest in consolidated subsidiaries	21	—	21
Net Income attributable to shareholders	\$ 37,336	\$ 16,912	\$ 20,424
Add: Provision for income taxes	668	490	178
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(227)	(266)	39
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted Net Income	—	—	—
Adjusted Net Income	\$ 37,777	\$ 17,136	\$ 20,641

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Aviation Leasing segment:

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Net Income attributable to shareholders	\$ 37,336	\$ 16,912	\$ 20,424
Add: Provision for income taxes	668	490	178
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense ⁽¹⁾	30,565	12,139	18,426
Add: Interest expense	—	—	—
Add: Principal collections on direct finance leases	—	689	(689)

Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	(21)	—	(21)
Adjusted EBITDA	\$ 68,548	\$ 30,230	\$ 38,318

⁽¹⁾ Depreciation and amortization expense includes \$23,549 and \$9,445 of depreciation expense, \$6,774 and \$2,694 of lease intangible amortization, and \$242 and \$0 of amortization for lease incentives for the years ended December 31, 2015 and 2014, respectively.

⁽²⁾ Non-controlling share of Adjusted EBITDA is comprised of depreciation expense of \$21 and \$0 for the years ended December 31, 2015 and 2014, respectively.

Revenues

Total revenues in the Aviation Leasing segment increased by \$40,372 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, driven by higher lease income, maintenance revenue, and other revenue. Lease income increased by \$27,933 primarily due to (i) higher aircraft lease income of \$27,583 primarily driven by a full year of lease income for ten aircraft purchased throughout 2014 and the acquisition of three aircraft with in-place leases in 2015, (ii) higher engine lease income of \$4,648 primarily driven by an increase in the number of engines generating revenue, from twenty two in 2014 to thirty two in 2015, offset by (iii) by an increase in net favorable intangible lease amortization of \$4,321 related to the acquisition of aircraft and engines with in-place leases. Maintenance revenue increased by \$11,322 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to a full year of utilization for the ten aircraft purchased in 2014 and increase in number of engines and aircraft on lease in the year ended December 31, 2015. Other revenue increased by \$1,117 primarily due to income recognized from the forfeiture of two security deposits in the year ended December 31, 2015.

Expenses

Total expenses in the Aviation Leasing segment increased by \$15,211 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 primarily due to increased depreciation and amortization and increased operating expenses. Depreciation and amortization increased in the year ended December 31, 2015 by \$14,104 primarily due a full year impact of depreciation for ten aircraft purchased in 2014 and four aircraft and net ten jet engines placed into service in 2015. The increase in operating expenses was primarily driven by higher (i) repairs and maintenance expense of \$581 primarily due to costs associated with an on-lease aircraft, (ii) other operating expenses of \$337 due to increased transportation and storage of engines, along with additional software costs, (iii) professional fees of \$126 due to increased tax consulting and audit fees, and (iv) an increase in commission fees of \$98 due to the use of lease brokers. The increase in operating expenses was offset by decreased bad debt expense of \$133 for the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Other Income

Total other income in the Aviation Leasing segment decreased by \$4,538 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, as the Company recognized a lower gain on sale of equipment of \$4,523 in the year ended December 31, 2015.

Adjusted Net Income

Adjusted Net Income increased \$20,641 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by the changes to net income attributable to shareholders noted above and the net impact of the provision for tax less cash paid for taxes.

Adjusted EBITDA

Adjusted EBITDA increased \$38,318 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to the changes in Net Income attributable to shareholders noted above and increased depreciation and amortization expense for the additional aircraft and engines owned and on-lease in the year ended December 31, 2015.

Offshore Energy Segment

In our Offshore Energy segment, we own one anchor handling tug supply (“AHTS”) vessel, one construction support vessel, and one remotely operated vehicle (“ROV”) support vessel. In addition we have contracted with a Norwegian shipyard to build a new inspection, maintenance, and repair (“IMR”) vessel. The chart below describes the assets in our Offshore Energy segment as of December 31, 2015:

Offshore Energy Assets				
Asset Type	Year Built	Description	Lease Expiration	Economic Interest (%)
AHTS Vessel	2010	Anchor handling tug supply vessel with accommodation for 30 personnel and a total bollard pull of 68.5 tons	November 2023	100%
Construction Support Vessel	2014	Construction support vessel with 250-ton crane, 2,000 square meter deck space, a moon pool, and accommodation for 100 personnel	Off-lease	100%
ROV Support Vessel	2011	Construction support vessel with accommodation for 120 personnel, a moon pool, and a 50-ton crane	April 2019 ⁽¹⁾	85%
IMR Vessel	Estimated Q1 2016	IMR vessel with 150-ton crane, 1,100 square meter deck space, a moon pool, accommodation for 90 personnel	Estimated March 2024	50%

⁽¹⁾ On February 16, 2016, the Company terminated its lease arrangement related to its ROV support vessel and is currently actively pursuing a new lessee.

The following table presents our results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Offshore Energy segment:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Revenues			
Equipment leasing revenues			
Lease income	\$ 21,959	\$ 12,690	\$ 9,269
Finance lease income	1,665	1,716	(51)
Other revenue	607	224	383
Total revenues	24,231	14,630	9,601
Expenses			
Operating expenses	4,650	1,054	3,596
Depreciation and amortization	5,967	2,801	3,166
Interest expense	3,794	1,248	2,546
Total expenses	14,411	5,103	9,308
Other income			
Interest income	483	160	323
Total other income	483	160	323
Income before income taxes	10,303	9,687	616
Provision for income taxes	—	—	—
Net Income	10,303	9,687	616
Less: Net income attributable to non-controlling interest in consolidated subsidiaries	676	704	(28)
Net Income attributable to shareholders	\$ 9,627	\$ 8,983	\$ 644
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	(7)	7
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted Net Income	—	—	—
Adjusted Net Income	\$ 9,627	\$ 8,976	\$ 651

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Offshore Energy segment:

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Net Income attributable to shareholders	\$ 9,627	\$ 8,983	\$ 644
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	5,967	2,801	3,166
Add: Interest expense	3,794	1,248	2,546
Add: Principal collections on direct finance leases	342	292	50
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA ⁽¹⁾	(345)	(246)	(99)
Adjusted EBITDA	\$ 19,385	\$ 13,078	\$ 6,307

⁽¹⁾ Non-controlling share of Adjusted EBITDA is comprised of the following items for the years ended December 31, 2015 and 2014: (i) depreciation expense of \$225 and \$225, (ii) and interest expense of \$120 and \$21, respectively.

Revenues

Total revenues in the Offshore Energy segment increased by \$9,601 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 driven by higher lease income derived from a new offshore construction support vessel acquired and put into service in September 2014.

Expenses

Total expenses in the Offshore Energy segment increased by \$9,308 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 primarily from the offshore construction support vessel placed into service in September 2014. The offshore construction support vessel which included term loan financing increased depreciation and amortization expense, interest expense and operating expenses. The increase in operating expenses was primarily the result of increased (i) repairs and maintenance expenses of \$1,448 related to the offshore construction support vessel (ii) crew costs of \$615 (iii) management fees of \$395 for a technical manager for the offshore construction support vessel beginning in June 2015, (iv) the full year insurance expense of \$389 related to the offshore construction support vessel, and (v) other operating expenses of \$749 in the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Other Income

Total other income in the Offshore Energy segment increased by \$323 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 primarily due to increased interest income and fees earned related to the loan made to our third party partner in the MT6015 joint venture.

Adjusted Net Income

Adjusted Net Income was \$9,627 in the year ended December 31, 2015, increasing by \$651 as compared to the year ended December 31, 2014. This increase was due to the changes noted above.

Adjusted EBITDA

Adjusted EBITDA increased \$6,307 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to changes in Net Income attributable to shareholders of \$644 noted above and higher depreciation and amortization expense for the full year impact of our offshore construction vessel placed into service during 2014 and higher interest expense.

Shipping Containers Segment

In our Shipping Containers segment, we own, either directly or through a joint venture, interests in approximately 138,000 maritime shipping containers and related equipment through three separate portfolios. Substantially all of these shipping containers are currently leased to operators or other third parties and, as of December 31, 2015, are 66.5% levered. The weighted average remaining lease term for these assets is 1.5 years. The chart below describes the assets in our Shipping Containers segment as of December 31, 2015:

Shipping Containers Assets					
Number	Type	Average Age	Lease Type	Customer Mix	Economic Interest (%)
Portfolio #1 96,000	20' Dry 20' Reefer 40' Dry 40' HC Dry 40' HC Reefer 45' Dry	~8 Years	Direct Finance Lease/Operating Lease	6 Customers	51%
Portfolio #2 39,000 ⁽¹⁾	20' Dry 40' Dry 40' HC Dry	~11 years	Direct Finance Lease	1 Customer	100%
Portfolio #3 3,000	45' Dry 53' Dry 53' Chassis	~7.5 years	Direct Finance Lease	1 Customer	100%

⁽¹⁾ On March 9, 2016, the Company consummated the sale of Portfolio #2.

The following table presents our results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Shipping Containers segment:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Revenues			
Equipment leasing revenues			
Finance lease income	\$ 7,082	\$ 8,297	\$ (1,215)
Other revenue	100	99	1
Total revenues	7,182	8,396	(1,214)
Expenses			
Operating expenses	350	257	93
Interest expense	2,393	2,840	(447)
Total expenses	2,743	3,097	(354)
Other income (expense)			
Equity in (loss) earnings of unconsolidated entities	(6,956)	6,093	(13,049)
Other income (expense), net	(14)	(26)	12
Total other income (expense)	(6,970)	6,067	(13,037)
Income (loss) before income taxes	(2,531)	11,366	(13,897)
Provision (benefit) for income taxes	(127)	100	(227)
Net Income (loss) attributable to shareholders	\$ (2,404)	\$ 11,266	\$ (13,670)
Add: Provision (benefit) for income taxes	(127)	100	(227)
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	14	25	(11)
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities ⁽¹⁾	3,552	6,155	(2,603)
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	—	—
Less: Equity in losses (earnings) of unconsolidated entities	6,956	(6,093)	13,049
Less: Non-controlling share of Adjusted Net Income	—	—	—
Adjusted Net Income	\$ 7,991	\$ 11,453	\$ (3,462)

⁽¹⁾ Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for asset impairment charges of \$10,508 for the year ended December 31, 2015. Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for loss on extinguishment of debt of \$62 for the year ended December 31, 2014.

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Shipping Containers segment:

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Net Income (loss) attributable to shareholders	\$ (2,404)	\$ 11,266	\$ (13,670)
Add: Provision (benefit) for income taxes	(127)	100	(227)
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	14	25	(11)
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	—	—	—
Add: Interest expense	2,393	2,840	(447)
Add: Principal collections on direct finance leases	19,950	10,950	9,000
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽²⁾	21,335	40,014	(18,679)
Less: Equity in losses (earnings) of unconsolidated entities	6,956	(6,093)	13,049
Less: Non-controlling share of Adjusted EBITDA	—	—	—
Adjusted EBITDA	\$ 48,117	\$ 59,102	\$ (10,985)

⁽²⁾ The Company's pro-rata share of Adjusted EBITDA from unconsolidated entities includes the following items for the years ended December 31, 2015 and 2014: (i) net income (loss) of \$(7,165) and \$5,876, (ii) interest expense of \$1,778 and \$2,561, (iii) depreciation and amortization expense of \$1,866 and \$1,232, (iv) principal collections of finance leases of \$14,348 and \$30,345, and (v) asset impairment charges of \$10,508 and \$0, respectively.

Revenues

Total revenues in the Shipping Containers segment decreased by \$1,214 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 principally driven by lower finance lease income as a result of the amortization of the underlying principal balances.

Expenses

Total expenses in the Shipping Containers segment decreased by \$354 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to a decrease in interest expense of \$447 in the year ended December 31, 2015 due to lower principal balances on the term loans. This decrease was offset by increased expense of \$93 related to management fees.

Other Income

Total other income in the Shipping Containers segment decreased \$13,037 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, primarily driven by lower equity in earnings of unconsolidated entities from our shipping container joint venture by \$13,049 due to an asset impairment recognized by the shipping container joint venture.

Adjusted Net Income

Adjusted Net Income decreased \$3,462 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes in Net (loss) income attributable to shareholders noted above of \$13,670, the decrease was primarily impacted by lower equity in earnings of unconsolidated entities, a lower pro-rata share of Adjusted Net Income from unconsolidated entities, and a higher tax benefit for income taxes.

Adjusted EBITDA

Adjusted EBITDA decreased \$10,985 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to changes in Net (loss) income attributable to shareholders noted above of \$13,670, primarily due to a lower pro-rata share of Adjusted EBITDA from unconsolidated entities driven by an asset impairment charge recognized by a shipping container joint venture, offset by higher principal collections on direct finance leases and lower equity in earnings of unconsolidated entities.

Jefferson Terminal Segment

The following table presents our results of operations and reconciliation of Net loss attributable to shareholders to Adjusted Net Loss in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Jefferson Terminal segment:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Revenues			
Infrastructure revenues			
Lease income	\$ 4,620	\$ 1,325	\$ 3,295
Terminal services revenues	13,655	2,652	11,003
Total revenues	18,275	3,977	14,298
Expenses			
Operating expenses	33,154	9,095	24,059
Acquisition and transaction expenses	—	5,494	(5,494)
Depreciation and amortization	13,897	2,763	11,134
Interest expense	12,546	1,552	10,994
Total expenses	59,597	18,904	40,693
Other income (expense)			
Loss on sale of equipment, net	(199)	—	(199)
Interest income	85	—	85
Other income, net	40	46	(6)
Total other income (expense)	(74)	46	(120)
Loss before income taxes	(41,396)	(14,881)	(26,515)
Provision for income taxes	41	284	(243)
Net loss	(41,437)	(15,165)	(26,272)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(17,376)	(5,566)	(11,810)
Net loss attributable to shareholders	\$ (24,061)	\$ (9,599)	\$ (14,462)
Add: Provision for income taxes	41	284	(243)
Add: Equity-based compensation expense	3,432	1,137	2,295
Add: Acquisition and transaction expenses	—	5,494	(5,494)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(280)	—	(280)
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted Net Loss ⁽¹⁾	(1,285)	(525)	(760)
Adjusted Net Loss	\$ (22,153)	\$ (3,209)	\$ (18,944)

⁽¹⁾ Non-controlling share of Adjusted Net Loss is comprised of the following for the years ended December 31, 2015 and 2014: (i) equity-based compensation of \$1,339 and \$454, (ii) provision for income tax of \$16 and \$71, and (iii) cash tax payments of \$(70) and \$0, respectively.

The following table sets forth a reconciliation of Net loss attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Jefferson Terminal segment :

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Net loss attributable to shareholders	\$ (24,061)	\$ (9,599)	\$ (14,462)
Add: Provision for income taxes	41	284	(243)
Add: Equity-based compensation expense	3,432	1,137	2,295
Add: Acquisition and transaction expenses	—	5,494	(5,494)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	13,897	2,763	11,134
Add: Interest expense	12,546	1,552	10,994
Add: Principal collections on direct finance leases	—	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	(11,562)	(2,251)	(9,311)
Adjusted EBITDA	\$ (5,707)	\$ (620)	\$ (5,087)

⁽²⁾ Non-controlling share of Adjusted EBITDA is comprised of the following items for the years ended December 31, 2015 and 2014: (i) equity-based compensation of \$1,339 and \$454, (ii) provision for income taxes of \$16 and \$71, (iii) interest expense of \$4,783 and \$621, and (iv) depreciation and amortization expense of \$5,424 and \$1,105, respectively.

Revenues

Total revenue in the Jefferson Terminal segment increased by \$14,298 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to increases in both lease income and terminal service revenue. Lease income is derived from the leasing of rail cars that were purchased in 2014. Lease income increased by \$3,295 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, as lease contracts were entered into starting August 2014. Terminal services revenue increased by \$11,003 in the year ended December 31, 2015, as the acquisition of Jefferson Terminal occurred on August 27, 2014 and 2015 reflected a full year of operations.

Expenses

Total expenses in the Jefferson Terminal segment increased by \$40,693 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. Expenses primarily increased due to higher (i) operating expenses of \$24,059, a full year impact in 2015 as compared to 4 months in 2014, incurred in connection with terminal operations, including \$2,295 of equity-based compensation expense, (ii) amortization expense related to acquired customer relationships of \$2,358 (iii) depreciation expense of \$8,776 related to tank railcars and property, plant and equipment placed into service in 2015 and (iv) interest expense of \$10,994 related to term debt used to finance the purchase of Jefferson Terminal, as well as amounts outstanding on previously issued municipal bonds, in the year ended December 31, 2015 as compared to the year ended December 31, 2014. These increases were offset by \$5,494 of acquisition and transaction expenses costs in the year ended 2014 related to the closing of the Jefferson Terminal acquisition that did not recur in 2015.

Net Loss

Net loss attributable to shareholders increased \$14,462 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes discussed above, Net loss attributable to shareholders was also affected by net loss attributable to non-controlling interest in consolidated subsidiaries, which increased \$11,810 in the year ended December 31, 2015.

Adjusted Net Loss

Adjusted Net Loss increased by \$18,944 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, 2015 was impacted by less acquisition and transaction expenses of \$5,494 which occurred in 2014 for the acquisition of Jefferson Terminal. Adjusted Net Loss was also affected by higher non-controlling share of Adjusted Net Loss of \$760 offset by higher equity-based compensation expense of \$2,295 in the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Adjusted EBITDA

Adjusted EBITDA decreased by \$5,087 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In the year ended December 31, 2015, in addition to the changes in Net loss attributable to shareholders noted above, Adjusted EBITDA was impacted by (i) higher adjustment for the non-controlling share of Adjusted EBITDA of \$9,311, comprised of higher equity-based compensation expense of \$885, interest expense of \$4,162, and depreciation and amortization expense of \$4,319 and (ii) lower acquisition and transaction expenses of \$5,494, in the year ended December 31, 2015 as compared to the year ended December 31, 2014. These adjustments were offset by higher (i) depreciation and amortization expense of \$11,134 related to acquired customer relationships, tank railcars and property, plant and equipment, (ii) interest expense of \$10,994 and (iii) equity-based compensation expense of \$2,295, in the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Railroad Segment

The following table presents our results of operations and reconciliation of Net loss attributable to shareholders to Adjusted Net Loss in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Railroad segment:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Revenues			
Infrastructure revenues			
Rail revenues	\$ 25,550	\$ 9,969	\$ 15,581
Total revenues	25,550	9,969	15,581
Expenses			
Operating expenses	27,819	15,104	12,715
Acquisition and transaction expenses	—	5,646	(5,646)
Depreciation and amortization	1,895	989	906
Interest expense	578	187	391
Total expenses	30,292	21,926	8,366
Other income			
Gain on sale of equipment, net	565	—	565
Total other income	565	—	565
Loss before income taxes	(4,177)	(11,957)	7,780
Provision for income taxes	—	—	—
Net loss	(4,177)	(11,957)	7,780
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(121)	—	(121)
Net loss attributable to shareholders	\$ (4,056)	\$ (11,957)	\$ 7,901
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	1,206	128	1,078
Add: Acquisition and transaction expenses	—	5,646	(5,646)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted Net Loss ⁽¹⁾	(48)	—	(48)
Adjusted Net Loss	\$ (2,898)	\$ (6,183)	\$ 3,285

⁽¹⁾ Non-controlling share of Adjusted Net Loss is comprised of equity-based compensation of \$48 and \$0 for the years ended December 31, 2015 and 2014, respectively.

The following table sets forth a reconciliation of Net loss attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the Railroad segment:

	Year Ended December 31,		Change
	2015	2014	
	(in thousands)		
Net loss attributable to shareholders	\$ (4,056)	\$ (11,957)	\$ 7,901
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	1,206	128	1,078
Add: Acquisition and transaction expenses	—	5,646	(5,646)
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	1,895	989	906
Add: Interest expense	578	187	391
Add: Principal collections on direct finance leases	—	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	(147)	—	(147)
Adjusted EBITDA	\$ (524)	\$ (5,007)	\$ 4,483

⁽²⁾ Non-controlling share of Adjusted EBITDA is comprised of the following items for the years ended December 31, 2015 and 2014: (i) equity-based compensation of \$48 and \$0, (ii) interest expense of \$23 and \$0, and (iii) depreciation and amortization expense of \$76 and \$0, respectively.

Revenues

Total Railroad segment revenues increased by \$15,581 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. The acquisition of CMQR was finalized by June 30, 2014 and therefore impacts the comparability of the year ended December 31, 2015 to the same period in 2014. Revenues increased in 2015 due to a combination of increase ancillary rail fees, new customers, and increased rates throughout 2015.

Expenses

Total expenses in the Railroad segment increased \$8,366 in the year ended December 31, 2015 as compared to the year ended December 31, 2014 due to a full year of operations being recognized in 2015.

Expenses were comprised of (i) operating expenses of \$27,819 incurred in connection with railroad operations, (ii) depreciation expense of \$1,848 related to property, plant, and equipment, (iii) amortization expense of \$47 related to acquired

customer relationships, and (iv) interest expense of \$578 related to borrowings under the CMQR Credit Agreement used to finance construction and improvements to the railroad, in the year ended December 31, 2015.

Net Loss

Net loss attributable to shareholders decreased \$7,901 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes discussed above, the decrease was also due to a net loss attributable to non-controlling interest in consolidated subsidiaries of \$121 for the year ended December 31, 2015.

Adjusted Net Loss

Adjusted Net Loss decreased \$3,285 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, Adjusted Net Loss was impacted by increased equity-based compensation expense of \$1,078 in the year ended December 31, 2015 as compared to the year ended December 31, 2014, and the absence of acquisition and transaction expenses of \$5,646 incurred in the year ended December 31, 2014, in connection with the acquisition of CMQR.

Adjusted EBITDA

Adjusted EBITDA increased \$4,483 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, Adjusted EBITDA was also impacted by higher (i) equity-based compensation expense of \$1,078, (ii) depreciation and amortization expense of \$906, and (iii) interest expense of \$391, offset by increased non-controlling share of Adjusted EBITDA of \$(147), and the absence of acquisition and transaction expenses, in the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Corporate

The following table presents our results of operations and reconciliation of Net Loss attributable to shareholders to Adjusted Net Loss in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for our Corporate operations:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Expenses			
General and administrative	7,568	2,007	5,561
Acquisition and transaction expenses	5,683	310	5,373
Management fees and incentive allocation to affiliate	15,018	5,463	9,555
Interest expense	—	45	(45)
Total expenses	<u>28,269</u>	<u>7,825</u>	<u>20,444</u>
Loss before income taxes	<u>(28,269)</u>	<u>(7,825)</u>	<u>(20,444)</u>
Provision for income taxes	4	—	4
Net loss	<u>(28,273)</u>	<u>(7,825)</u>	<u>(20,448)</u>
Less: Loss attributable to non-controlling interest in consolidated subsidiaries	(5)	—	(5)
Net loss attributable to shareholders	<u>\$ (28,268)</u>	<u>\$ (7,825)</u>	<u>\$ (20,443)</u>
Add: Provision for income taxes	4	—	4
Add: Equity-based compensation expense	24	—	24
Add: Acquisition and transaction expenses	5,683	310	5,373
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	(1)	1
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted Net Loss	—	—	—
Adjusted Net Loss	<u>\$ (22,557)</u>	<u>\$ (7,516)</u>	<u>\$ (15,041)</u>

The following table sets forth a reconciliation of Net Loss attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for Corporate:

	Year Ended December 31,		Change
	2015	2014	
(in thousands)			
Net loss attributable to shareholders	\$ (28,268)	\$ (7,825)	\$ (20,443)
Add: Provision for income taxes	4	—	4
Add: Equity-based compensation expense	24	—	24
Add: Acquisition and transaction expenses	5,683	310	5,373
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	—	—	—
Add: Interest expense	—	45	(45)
Add: Principal collections on direct finance leases	—	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA	—	—	—
Adjusted EBITDA	\$ (22,557)	\$ (7,470)	\$ (15,087)

Expenses

In Corporate, total expenses increased by \$20,444 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. This was mainly due to higher (i) management fees of \$9,555 attributable to an increase in the weighted average capital contributed prior to the IPO as well as capital raised during the Company's IPO, (ii) general and administrative expenses of \$5,561, which include reimbursements to our manager, and (iii) acquisition and transaction expenses for additional investment activities of \$5,373 in the year ended December 31, 2015 as compared to the year ended December 31, 2014.

Adjusted Net Loss

Adjusted Net Loss was increased \$15,041 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, Adjusted Net Loss was primarily impacted by higher acquisition and transaction expenses of \$5,373 incurred for potential acquisition opportunities in the year ended December 31, 2015.

Adjusted EBITDA

Adjusted EBITDA decreased \$15,087 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, the decrease was primarily impacted by higher acquisition and transaction expenses of \$5,373 incurred for potential acquisition opportunities in the year ended December 31, 2015.

Comparison of the year ended December 31, 2014 to the year ended December 31, 2013

The following table presents our consolidated results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2014 as compared to the year ended December 31, 2013:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Revenues			
Equipment leasing revenues			
Lease income	\$ 27,681	\$ 9,284	\$ 18,397
Maintenance revenue	5,964	2,242	3,722

	Year Ended December 31,		Change
	2014	2013	
	(in thousands)		
Finance lease income	10,013	7,781	2,232
Other revenue	326	223	103
Total equipment leasing revenues	43,984	19,530	24,454
Infrastructure revenues			
Lease income	1,325	—	1,325
Rail revenues	9,969	—	9,969
Terminal services revenues	2,652	—	2,652
Total infrastructure revenues	13,946	—	13,946
Total revenues	57,930	19,530	38,400
Expenses			
Operating expenses	27,223	3,157	24,066
General and administrative	2,007	805	1,202
Acquisition and transaction expenses	11,450	260	11,190
Management fees and incentive allocation to affiliate	5,463	2,211	3,252
Depreciation and amortization	15,998	3,909	12,089
Interest expense	5,872	2,816	3,056
Total expenses	68,013	13,158	54,855
Other income			
Equity in earnings of unconsolidated entities	6,093	10,325	(4,232)
Gain on sale of equipment, net	7,576	2,415	5,161
Gain on sale of unconsolidated entity	—	6,144	(6,144)
Interest income	186	23	163
Other income	20	—	20
Total other income	13,875	18,907	(5,032)
Income before income taxes	3,792	25,279	(21,487)
Provision for income taxes	874	—	874
Net income	2,918	25,279	(22,361)
Less: Net (loss) income attributable to non-controlling interest in consolidated subsidiaries	(4,862)	458	(5,320)
Net income attributable to shareholders	\$ 7,780	\$ 24,821	\$ (17,041)
Add: Provision for income taxes	874	—	874
Add: Equity-based compensation expense	1,265	—	1,265
Add: Acquisition and transaction expenses	11,450	260	11,190
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	25	—	25
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities ⁽¹⁾	6,155	10,325	(4,170)
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(274)	—	(274)
Less: Equity in earnings of unconsolidated entities	(6,093)	(10,325)	4,232
Less: Non-controlling share of Adjusted Net Income ⁽²⁾	(525)	—	(525)
Adjusted Net Income	\$ 20,657	\$ 25,081	\$ (4,424)

⁽¹⁾ Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above. Included in the year ended December 31, 2014 is \$62 of loss on extinguishing of debt.

⁽²⁾ Non-controlling share of Adjusted Net Income is comprised of equity-based compensation of \$454 and provision for income taxes of \$71 for the year ended December 31, 2014.

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2014 as compared to the year ended December 31, 2013:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Net income attributable to shareholders	\$ 7,780	\$ 24,821	\$ (17,041)
Add: Provision for income taxes	874	—	874
Add: Equity-based compensation expense	1,265	—	1,265
Add: Acquisition and transaction expenses	11,450	260	11,190
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	25	—	25
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	18,692	3,909	14,783
Add: Interest expense	5,872	2,816	3,056
Add: Principal collections on direct finance leases	11,931	8,263	3,668
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽³⁾	40,014	40,898	(884)
Less: Equity in earnings of unconsolidated entities	(6,093)	(10,325)	4,232
Less: Non-controlling share of Adjusted EBITDA ⁽⁴⁾	(2,497)	(245)	(2,252)
Adjusted EBITDA	\$ 89,313	\$ 70,397	\$ 18,916

⁽³⁾ Pro-rata share of Adjusted EBITDA from unconsolidated entities primarily includes the Company's proportionate share of the following items for the years ended December 31, 2014 and 2013: (i) interest expense of \$2,561 and \$4,199, respectively, (ii) depreciation and amortization expense of \$1,232 and \$2,189, respectively, and (iii) principal collections of finance leases of \$30,345 and \$24,428.

⁽⁴⁾ Non-controlling share of Adjusted EBITDA is comprised of the following items for the years ended December 31, 2014 and 2013: (i) equity based compensation of \$454 and \$0, respectively, (ii) provision for income taxes of \$71 and \$0, respectively, (iii) interest expense of \$642 and \$104, respectively, and (iv) depreciation and amortization expense of \$1,330 and \$141, respectively.

During the year ended December 31, 2014, the Company continued to make additional asset acquisitions in the Aviation Leasing, Offshore Energy and Shipping Containers segments. During 2014, the Company also added two new reportable segments within the Infrastructure Business: Jefferson Terminal and Railroad.

Revenues

Total revenue increased by \$38,400 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to increases in both the equipment leasing and newly acquired infrastructure business units. The equipment leasing business increases for both lease and maintenance revenue resulted from the acquisition and lease of additional aircrafts and engines and their corresponding maintenance revenue during the year ended December 31, 2014 and an offshore vessel placed into service during September 2014. Finance revenues benefited from the full year impact of a new portfolio of shipping containers acquired in August 2013 and an anchor handling tug support vessel acquired and leased in November 2013. Infrastructure business increases were solely the result of two business acquisitions in 2014.

Expenses

Total expenses increased by \$54,855 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 primarily resulting from increases in operating expenses of \$24,066, acquisition and transaction expenses of \$11,190 and depreciation and amortization expenses of \$12,089. Operating expenses and acquisition and transaction expenses increased primarily due to the acquisition of the operations of Jefferson Terminal and CMQR, which closed in their entirety during June and August 2014. Depreciation and amortization increased due to additional assets acquired in the Aviation Leasing and Offshore Energy segments during the year ended December 31, 2014, as well as the acquisition of Jefferson Terminal and CMQR related assets.

Other Income

Total other income decreased by \$5,032 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to lower gain on sale of unconsolidated entity and equity in earnings of unconsolidated entities, both related to the November 2013 disposal of our equity interest in PJW 3000 LLC. This was offset by an increase in gain on sale of equipment of \$5,161 due to asset sales within the Aviation Leasing segment during the year ended December 31, 2014.

Adjusted Net Income

Adjusted Net Income decreased \$4,424 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to the decreases to net income attributable to shareholders discussed above of \$17,041, offset primarily by significantly higher acquisition and transaction expenses of \$11,190 and equity based compensation expense of \$1,265 recorded during the year ended December 31, 2014.

Adjusted EBITDA

Adjusted EBITDA increased \$18,916 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 as the decrease in net income discussed above of \$17,041 was offset primarily by increased (i) depreciation and amortization expense, (ii) acquisition and transaction expenses, (iii) principal collections on direct finance leases, and (iv) interest expense. These increases primarily resulted from the investment and deployment of assets across all segments including the purchase of Jefferson Terminal and CMQR and associated debt related to these operations.

Additional discussion of the Company's results of operations in the year ended December 31, 2014 as compared to the year ended December 31, 2013 by segment is as follows:

Aviation Leasing Segment

In our Aviation Leasing segment, we owned and managed 40 aviation assets, including 13 commercial passenger aircraft and 27 commercial jet engines.

As of December 31, 2014, all of our commercial aircraft, and 13 of our commercial jet engines were leased to operators or other third parties. Aviation assets currently off lease were either undergoing repair and/or maintenance, or were currently held in short term storage awaiting a future lease. Our aviation equipment was approximately 87% utilized as of December 31, 2014, based on the equity value of our on-hire leasing equipment as a percentage of the total equity value of our leasing equipment. Our aircraft assets currently had a weighted average remaining lease term of 34 months, and our engine assets on-lease had an average remaining lease term of 7 months. The chart below details the activity of our Aviation Leasing assets during 2014:

Aviation Assets	Widebody	Narrowbody	Total
<u>Aircraft</u>			
Assets at January 1, 2014	—	1	1
Purchases	2	12	14
Sales	—	(2)	(2)
Assets at December 31, 2014	2	11	13
<u>Jet Engines</u>			
Assets at January 1, 2014	10	13	23
Purchases	7	2	9
Sales	(5)	—	(5)
Assets at December 31, 2014	12	15	27

The following table presents our results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for the Aviation Leasing segment:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Revenues			
Equipment leasing revenues			
Lease income	\$ 14,991	\$ 4,282	\$ 10,709
Maintenance revenue	5,964	2,242	3,722
Other revenue	3	121	(118)
Total revenues	20,958	6,645	14,313
Expenses			
Operating expenses	1,713	2,191	(478)
Depreciation and amortization	9,445	2,972	6,473
Total expenses	11,158	5,163	5,995
Other income			
Gain on sale of equipment, net	7,576	2,415	5,161
Interest income	26	23	3
Total other income	7,602	2,438	5,164
Income before income taxes	17,402	3,920	13,482
Provision for income taxes	490	—	490
Net Income attributable to shareholders	\$ 16,912	\$ 3,920	\$ 12,992
Add: Provision for income taxes	490	—	490
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(266)	—	(266)
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted Net Income	—	—	—
Adjusted Net Income	\$ 17,136	\$ 3,920	\$ 13,216

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for the Aviation Leasing segment:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Net Income attributable to shareholders	\$ 16,912	\$ 3,920	\$ 12,992
Add: Provision for income taxes	490	—	490
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	12,139	2,972	9,167
Add: Interest expense	—	—	—
Add: Principal collections on direct finance leases	689	152	537
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted EBITDA	—	—	—
Adjusted EBITDA	\$ 30,230	\$ 7,044	\$ 23,186

Revenues

Total revenue in the Aviation Leasing segment increased by \$14,313 in the year ended December 31, 2014 as compared to the year ended December 31, 2013, primarily driven by higher lease income and maintenance revenue. Lease income increased in the year ended December 31, 2014 as compared to the year ended December 31, 2013 primarily due to higher aircraft lease income of \$8,401 driven by the purchase of 14 on lease aircraft in the year ended December 31, 2014. Engine lease income increased by \$2,300 primarily driven by an increase in the number of engines generating revenue, from 13 in 2013 to 22 in 2014. Corresponding maintenance revenue increased due to an increase in the number of aircraft and engines on lease during the year ended December 31, 2014.

Expenses

Total expenses in the Aviation Leasing segment increased by \$5,995 in the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase resulted from increases in depreciation and amortization, slightly offset by lower operating expenses. Depreciation and amortization increased in the year ended December 31, 2014 due to the additional aircraft and engines owned and on lease in the year ended December 31, 2014. The decrease in operating expenses is primarily the result of lower repairs and maintenance expense of \$547 in the year ended December 31, 2014, offset by additional insurance expense of \$228 primarily related to additional aircraft and aircraft engines owned and on lease in the year ended December 31, 2014 as compared to the year ended December 31, 2013.

Other Income

Total other income in the Aviation Leasing segment increased \$5,164 in the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase was due to both gains on sale of leasing equipment of \$7,576 in the year ended December 31, 2014 of two aircraft and five aircraft engines, as compared to similar gains of \$2,415 of five aircraft engines and one aircraft airframe in the year ended December 31, 2013.

Adjusted Net Income

Adjusted Net Income increased by \$13,216 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to the changes in Net Income attributable to shareholders noted above of \$12,992, as well as an increased provision for taxes offset by cash tax payments.

Adjusted EBITDA

Adjusted EBITDA increased \$23,186 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to the changes in Net Income attributable to shareholders noted above of \$12,992, as well as increased depreciation and

amortization expense and principal collections on finance leases. The increase in depreciation and amortization expense resulted from the additional aircraft and engines owned and on lease in the year ended December 31, 2014.

Offshore Energy Segment

In our Offshore Energy segment, we owned one anchor handling tug supply (“AHTS”) vessel, one construction support vessel and one remotely operated vehicle (“ROV”) support vessel. In addition we contracted with a Norwegian shipyard to build a new inspection, maintenance, and repair (“IMR”) vessel. The chart below describes the assets in our Offshore Energy segment as of December 31, 2014:

Offshore Energy Assets				
Asset Type	Year Built	Description	Lease Expiration	Economic Interest (%)
AHTS Vessel	2010	Anchor handling tug supply vessel with accommodation for 30 personnel and a total bollard pull of 68.5 tons	November 2023	100%
Construction Support Vessel	2014	Construction support vessel with 250-ton crane, 2,000 square meter deck space, a moon pool, and accommodation for 100 personnel	July 2015 (firm period)	100%
ROV Support Vessel	2011	Construction support vessel with accommodation for 120 personnel, a moon pool, and a 50-ton crane	April 2019	85%
IMR Vessel	Estimated 2015	IMR vessel with 150-ton crane, 1,100 square meter deck space, a moon pool, accommodation for 90 personnel	December 2023	50%

The following table presents our results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for the Offshore Energy segment:

	Year Ended December 31,		Change
	2014	2013	
	(in thousands)		
Revenues			
Equipment leasing revenues			
Lease income	\$ 12,690	\$ 5,002	\$ 7,688
Finance lease income	1,716	262	1,454
Other revenue	224	—	224
Total revenues	14,630	5,264	9,366
Expenses			
Operating expenses	1,054	450	604
Depreciation and amortization	2,801	937	1,864
Interest expense	1,248	104	1,144
Total expenses	5,103	1,491	3,612
Other income			
Equity in earnings of unconsolidated entities	—	2,700	(2,700)
Gain on sale of unconsolidated entity	—	6,144	(6,144)
Interest income	160	—	160
Total other income	160	8,844	(8,684)
Income before income taxes	9,687	12,617	(2,930)
Provision for income taxes	—	—	—

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Net Income	9,687	12,617	(2,930)
Less: Net income attributable to non-controlling interest in consolidated subsidiaries	704	458	246
Net Income attributable to shareholders	\$ 8,983	\$ 12,159	\$ (3,176)
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities ⁽¹⁾	—	2,700	(2,700)
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(7)	—	(7)
Less: Equity in earnings of unconsolidated entities	—	(2,700)	2,700
Less: Non-controlling share of Adjusted Net Income	—	—	—
Adjusted Net Income	\$ 8,976	\$ 12,159	\$ (3,183)

⁽¹⁾ Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above.

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for the Offshore Energy segment:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Net Income attributable to shareholders	\$ 8,983	\$ 12,159	\$ (3,176)
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	2,801	937	1,864
Add: Interest expense	1,248	104	1,144
Add: Principal collections on direct finance leases	292	44	248
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽²⁾	—	4,474	(4,474)
Less: Equity in earnings of unconsolidated entities	—	(2,700)	2,700
Less: Non-controlling share of Adjusted EBITDA ⁽³⁾	(246)	(245)	(1)
Adjusted EBITDA	\$ 13,078	\$ 14,773	\$ (1,695)

⁽²⁾ Pro-rata share of Adjusted EBITDA from unconsolidated entities primarily includes the Company's proportionate share of the following items for the years ended December 31, 2014 and 2013: (i) interest expense of \$0 and \$703, respectively, and (ii) depreciation and amortization expense of \$0 and \$957, respectively.

⁽³⁾ Non-controlling share of Adjusted EBITDA is comprised of the following items for the years ended December 31, 2014 and 2013: (i) depreciation expense of \$225 and \$141, respectively, (ii) and interest expense of \$21 and \$104, respectively.

Revenues

Total revenue in the Offshore Energy segment increased by \$9,366 in the year ended December 31, 2014 as compared to the year ended December 31, 2013, driven primarily by both higher lease income and finance lease income. Lease income increased in the year ended December 31, 2014 due to a new offshore construction vessel acquired in September 2014, and the full year effect of a remotely operated vehicle support vessel in 2014 as compared to 8.5 months of rent earned in 2013. Finance lease income increased primarily related to a full year of income in the year ended December 31, 2014 with respect to an anchor handling tug support vessel acquired in November 2013 and subsequently subject to a direct finance lease.

Expenses

Total expenses in the Offshore Energy segment increased by \$3,612 in the year ended December 31, 2014 as compared to the year ended December 31, 2013. The increase resulted from increased interest expense and depreciation and amortization as well as higher operating expenses in the year ended December 31, 2014. Depreciation and amortization increased primarily due to a new offshore construction vessel placed into service in September 2014, and the full year impact of our remotely operated vehicle support vessel, compared to 8.5 months of depreciation in 2013. Interest expense increased primarily due to an additional borrowing in the year ended December 31, 2014 associated with acquiring the offshore construction vessel in September 2014. The increase in operating expenses is primarily a result of (i) higher professional fees of \$523, (ii) additional insurance expense of \$190, and (iii) an increase in other operating expenses of \$211, offset by (iv) lower organizational costs of \$320.

Other Income

Total other income in the Offshore Energy segment decreased by \$8,684 in the year ended December 31, 2014 as compared to the year ended December 31, 2013. The decrease resulted from a \$2,700 decrease in equity in earnings of unconsolidated entities and a \$6,144 decrease in gain on sale of unconsolidated entity, both related to the disposal of an equity interest in PJW 3000 LLC, an offshore energy joint venture, in November 2013.

Adjusted Net Income

Adjusted Net Income was \$8,976 in the year ended December 31, 2014, decreasing by \$(3,183) as compared to the year ended December 31, 2013. This decrease was due to the changes noted above.

Adjusted EBITDA

Adjusted EBITDA decreased \$1,695 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to the changes in Net Income attributable to shareholders of \$3,176, as well as higher (i) depreciation and amortization expense related to assets owned for the full year of 2014 as compared to a partial year in 2013, (ii) interest expense related to an additional borrowing in the year ended December 31, 2014, and (iii) higher principal collections on direct finance leases. These amounts were offset by a decrease in the pro-rata share of the Adjusted EBITDA from unconsolidated entities, related to the disposal of an equity interest in PJW 3000 LLC, an offshore energy joint venture, in November 2013.

Shipping Containers Segment

In our Shipping Containers segment, we owned, either directly or through a joint venture, interests in approximately 152,000 maritime shipping containers and related equipment through three separate portfolios. Substantially all of these shipping containers were leased to operators or other third parties and, as of December 31, 2014, were 70% levered. The weighted average remaining lease term for these assets was 2.3 years. The chart below describes the assets in our Shipping Containers segment as of December 31, 2014:

Shipping Containers Assets					
Number	Type	Average Age	Lease Type	Customer Mix	Economic Interest (%)
Portfolio #1 105,000	20' Dry 20' Reefer 20' Specials 40' Dry 40' HC Dry 40' HC Reefer 40' Specials 45' Dry	~8 years	Direct Finance Lease/Operating Lease	8 Customers	51%
Portfolio #2 40,000	20' Dry 40' Dry 40' HC Dry	~10 years	Direct Finance Lease	1 Customer	100%
Portfolio #3 7,000	45' Dry 45' Reefer 40' Reefer 53' Dry 23' Chassis 40' Chassis 53' Chassis	~10 Years	Direct Finance Lease	1 Customers	100%

The following table presents our results of operations and reconciliation of Net Income attributable to shareholders to Adjusted Net Income in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for the Shipping Containers segment:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Revenues			
Equipment leasing revenues			
Finance lease income	\$ 8,297	\$ 7,519	\$ 778
Other revenue	99	102	(3)
Total revenues	8,396	7,621	775
Expenses			
Operating expenses	257	516	(259)
Interest expense	2,840	2,699	141
Total expenses	3,097	3,215	(118)
Other income (expense)			
Equity in earnings of unconsolidated entities	6,093	7,625	(1,532)
Other expense, net	(26)	—	(26)
Total other income	6,067	7,625	(1,558)
Income before income taxes	11,366	12,031	(665)
Provision for income taxes	100	—	100
Net Income attributable to shareholders	\$ 11,266	\$ 12,031	\$ (765)
Add: Provision for income taxes	100	—	100
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	25	—	25
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities ⁽¹⁾	6,155	7,625	(1,470)

	Year Ended December 31,		Change
	2014	2013	
	(in thousands)		
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	—	—	—
Less: Equity in earnings of unconsolidated entities	(6,093)	(7,625)	1,532
Less: Non-controlling share of Adjusted Net Income	—	—	—
Adjusted Net Income	\$ 11,453	\$ 12,031	\$ (578)

⁽¹⁾ Pro-rata share of Adjusted Net Income from unconsolidated entities includes the Company's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above. Included in the year ended December 31, 2014 is \$62 of loss on extinguishment of debt.

The following table sets forth a reconciliation of Net Income attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for the Shipping Containers segment:

	Year Ended December 31,		Change
	2014	2013	
	(in thousands)		
Net Income attributable to shareholders	\$ 11,266	\$ 12,031	\$ (765)
Add: Provision for income taxes	100	—	100
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	—	—	—
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	25	—	25
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	—	—	—
Add: Interest expense	2,840	2,699	141
Add: Principal collections on direct finance leases	10,950	8,067	2,883
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽²⁾	40,014	36,424	3,590
Less: Equity in earnings of unconsolidated entities	(6,093)	(7,625)	1,532
Less: Non-controlling share of Adjusted EBITDA	—	—	—
Adjusted EBITDA	\$ 59,102	\$ 51,596	\$ 7,506

⁽²⁾ Pro-rata share of Adjusted EBITDA from unconsolidated entities primarily includes the Company's proportionate share of the following items for the years ended December 31, 2014 and 2013: (i) interest expense of \$2,561 and \$3,496, respectively, (ii) depreciation and amortization expense of \$1,232 and \$1,232, respectively, and (iii) principal collections of finance leases of \$30,345 and \$24,428, respectively.

Revenues

Total revenue in the Shipping Containers segment increased in the year ended December 31, 2014 as compared to the year ended December 31, 2013, principally driven by higher finance lease income. Finance lease income increased by \$1,417 due to income earned from a new portfolio of shipping containers acquired in August 2013, offset by lower finance income of \$639 as a result of the amortization of the underlying principal balances for a legacy portfolio of shipping containers.

Expenses

Total expenses in the Shipping Containers segment decreased in the year ended December 31, 2014 as compared to the year ended December 31, 2013, driven by a decrease in operating expenses offset by an increase in interest expense. The decrease in operating expenses is principally the result of lower professional fees offset by higher insurance expense. Interest expense increased in the year ended December 31, 2014 as compared to the year ended December 31, 2013 primarily related to a full year of interest expense on a term loan used to finance the acquisition of a portfolio of shipping containers purchased in August 2013.

Other Income

Total other income in the Shipping Containers segment decreased in the year ended December 31, 2014 as compared to the year ended December 31, 2013. This was driven by decreased equity in earnings of unconsolidated entities of \$1,532 related to a shipping container joint venture.

Adjusted Net Income

Adjusted Net Income decreased \$578 in the year ended December 31, 2014 as compared to the year ended December 31, 2013, due to the changes in Net Income attributable to shareholders noted above of \$765, as well as a loss on the extinguishment of a capital lease obligation, and the decrease in fair value of a non-hedge derivative instrument.

Adjusted EBITDA

Adjusted EBITDA increased \$7,506 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to the changes in Net Income attributable to shareholders noted above of \$765, as well as a higher pro-rata share of Adjusted EBITDA from unconsolidated entities related to a shipping container joint venture and additional principal collections on direct finance leases.

Jefferson Terminal Segment

Jefferson Terminal is a new reportable segment for the Company in 2014. The following table presents our results of operations and reconciliation of Net Loss attributable to shareholders to Adjusted Net Loss in the year ended December 31, 2014 for the Jefferson Terminal segment:

	Year Ended December 31, 2014
	(in thousands)
Revenues	
Infrastructure revenues	
Lease income	\$ 1,325
Terminal services revenues	2,652
Total revenues	3,977
Expenses	
Operating expenses	9,095
Acquisition and transaction expenses	5,494
Depreciation and amortization	2,763
Interest expense	1,552
Total expenses	18,904
Other income	
Interest income	—
Other income, net	46
Total other income	46
Loss before income taxes	(14,881)
Provision for income taxes	284
Net loss	(15,165)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	(5,566)
Net loss attributable to shareholders	\$ (9,599)
Add: Provision for income taxes	284
Add: Equity-based compensation expense	1,137
Add: Acquisition and transaction expenses	5,494
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—
Add: Changes in fair value of non-hedge derivative instruments	—

	Year Ended December 31, 2014
	(in thousands)
Add: Asset impairment charges	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—
Add: Incentive allocations	—
Less: Cash payments for income taxes	—
Less: Equity in earnings of unconsolidated entities	—
Less: Non-controlling share of Adjusted Net Loss ⁽¹⁾	(525)
Adjusted Net Loss	\$ (3,209)

⁽¹⁾ Non-controlling share of Adjusted Net Loss is comprised of equity-based compensation of \$454 and income tax provision of \$71 for the year ended December 31, 2014.

The following table sets forth a reconciliation of Net Loss attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2014 for the Jefferson Terminal segment:

	Year Ended December 31, 2014
	(in thousands)
Net loss attributable to shareholders	\$ (9,599)
Add: Provision for income taxes	284
Add: Equity-based compensation expense	1,137
Add: Acquisition and transaction expenses	5,494
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—
Add: Changes in fair value of non-hedge derivative instruments	—
Add: Asset impairment charges	—
Add: Incentive allocations	—
Add: Depreciation and amortization expense	2,763
Add: Interest expense	1,552
Add: Principal collections on direct finance leases	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—
Less: Equity in earnings of unconsolidated entities	—
Less: Non-controlling share of Adjusted EBITDA ⁽²⁾	(2,251)
Adjusted EBITDA	\$ (620)

⁽²⁾ Non-controlling share of Adjusted EBITDA is comprised of the following items for the years ended December 31, 2014: (i) equity-based compensation of \$454, (ii) provision for income taxes of \$71, (iii) interest expense of \$621, (iv) depreciation and amortization expense of \$1,105.

Revenues

Total revenue in the year ended December 31, 2014 relates to revenue generated from Jefferson Terminal. Revenue was comprised of \$2,652 in terminal services revenue and \$1,325 in lease income from tank railcars purchased and subsequently leased in 2014.

Expenses

Total expenses in the year ended December 31, 2014 were comprised of (i) operating expenses of \$9,095 incurred in connection with terminal operations and construction management, including \$1,137 of equity-based compensation expense (ii) acquisition and transaction costs of \$5,494 incurred in connection with the due diligence and consummation of the purchase of Jefferson Terminal, (iii) amortization expense related to acquired customer relationships of \$1,180 (iv) depreciation expense of \$1,583 related to tank railcars and property, plant and equipment placed into service during 2014, and (v) interest expense of \$1,552

related to term debt used to finance the purchase of Jefferson Terminal, as well as amounts outstanding on previously issued municipal bonds.

Adjusted Net Loss

Adjusted Net Loss was \$3,209 in the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, this was impacted by equity-based compensation expense and acquisition and transaction expenses incurred in connection with the due diligence and consummation of the purchase of Jefferson Terminal.

Adjusted EBITDA

Adjusted EBITDA was \$(620) in the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, this was impacted by acquisition and transaction expenses incurred in connection with the due diligence and consummation of the purchase of Jefferson Terminal and depreciation and amortization expense related to acquired customer relationships, tank railcars and property, plant and equipment placed into service during the year ended December 31, 2014.

Railroad Segment

Railroad is a new reportable segment for the Company in 2014. The following table presents our results of operations and reconciliation of Net Loss attributable to shareholders to Adjusted Net Loss in the year ended December 31, 2014 for the Railroad segment:

	Year Ended December 31, 2014
	(in thousands)
Revenues	
Infrastructure revenues	
Rail revenues	\$ 9,969
Total revenues	9,969
Expenses	
Operating expenses	15,104
Acquisition and transaction expenses	5,646
Depreciation and amortization	989
Interest expense	187
Total expenses	21,926
Other income	
Gain on sale of equipment, net	—
Total other income	—
Loss before income taxes	(11,957)
Provision for income taxes	—
Net loss	(11,957)
Less: Net loss attributable to non-controlling interest in consolidated subsidiaries	—
Net loss attributable to shareholders	\$ (11,957)
Add: Provision for income taxes	—
Add: Equity-based compensation expense	128
Add: Acquisition and transaction expenses	5,646
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—
Add: Changes in fair value of non-hedge derivative instruments	—
Add: Asset impairment charges	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—
Add: Incentive allocations	—
Less: Cash payments for income taxes	—
Less: Equity in earnings of unconsolidated entities	—
Less: Non-controlling share of Adjusted Net Loss ⁽¹⁾	—
Adjusted Net Loss	\$ (6,183)

The following table sets forth a reconciliation of Net Loss attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2014 for the Railroad segment:

	Year Ended December 31, 2014
	(in thousands)
Net loss attributable to shareholders	\$ (11,957)
Add: Provision for income taxes	—
Add: Equity-based compensation expense	128
Add: Acquisition and transaction expenses	5,646
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—
Add: Changes in fair value of non-hedge derivative instruments	—
Add: Asset impairment charges	—
Add: Incentive allocations	—
Add: Depreciation and amortization expense	989
Add: Interest expense	187
Add: Principal collections on direct finance leases	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—
Less: Equity in earnings of unconsolidated entities	—
Less: Non-controlling share of Adjusted EBITDA ⁽¹⁾	—
Adjusted EBITDA	\$ (5,007)

Revenues

Total revenue in the year ended December 31, 2014 relates to revenue generated from CMQR since its acquisition during the second quarter of 2014. Revenue was primarily driven by \$8,172 in freight rail revenue and \$1,620 in switching & miscellaneous rail revenue.

Expenses

Total expenses in the year ended December 31, 2014 were mainly comprised of (i) operating expenses of \$15,104 incurred in connection with railroad operations, (ii) acquisition and transaction costs of \$5,646 incurred in connection with the due diligence and consummation of the purchase of CMQR, (iii) depreciation expense of \$962 related to property, plant, and equipment placed into service in the year ended December 31, 2014, and (iv) interest expense of \$187 related to borrowings under the CMQR Credit Agreement used to finance construction and improvements to the railroad.

Adjusted Net Loss

Adjusted Net Loss was \$6,183 in the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, this was impacted by acquisition and transaction expenses incurred in connection with the due diligence and consummation of the purchase of CMQR.

Adjusted EBITDA

Adjusted EBITDA was \$(5,007) in the year ended December 31, 2014. In addition to the changes in Net loss attributable to shareholders noted above, this was impacted by acquisition and transaction expenses incurred in connection with the due diligence and consummation of the purchase of CMQR, and depreciation and amortization expense related to property, plant, and equipment placed into service in the year ended December 31, 2014.

Corporate

The following table presents our results of operations and reconciliation of Net Loss attributable to shareholders to Adjusted Net Loss in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for Corporate:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Expenses			
General and administrative	2,007	805	1,202
Acquisition and transaction expenses	310	260	50
Management fees and incentive allocation to affiliate	5,463	2,211	3,252
Interest expense	45	13	32
Total expenses	7,825	3,289	4,536
Loss before income taxes	(7,825)	(3,289)	(4,536)
Provision for income taxes	—	—	—
Net loss	(7,825)	(3,289)	(4,536)
Less: Loss attributable to non-controlling interest in consolidated subsidiaries	—	—	—
Net loss attributable to shareholders	\$ (7,825)	\$ (3,289)	\$ (4,536)
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	310	260	50
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Pro-rata share of Adjusted Net Income from unconsolidated entities	—	—	—
Add: Incentive allocations	—	—	—
Less: Cash payments for income taxes	(1)	—	(1)
Less: Equity in earnings of unconsolidated entities	—	—	—
Less: Non-controlling share of Adjusted Net Loss	—	—	—
Adjusted Net Loss	\$ (7,516)	\$ (3,029)	\$ (4,487)

The following table sets forth a reconciliation of Net Loss attributable to shareholders to Adjusted EBITDA in the year ended December 31, 2014 as compared to the year ended December 31, 2013 for Corporate:

	Year Ended December 31,		Change
	2014	2013	
(in thousands)			
Net loss attributable to shareholders	\$ (7,825)	\$ (3,289)	\$ (4,536)
Add: Provision for income taxes	—	—	—
Add: Equity-based compensation expense	—	—	—
Add: Acquisition and transaction expenses	310	260	50
Add: Losses on the modification or extinguishment of debt and capital lease obligations	—	—	—
Add: Changes in fair value of non-hedge derivative instruments	—	—	—
Add: Asset impairment charges	—	—	—
Add: Incentive allocations	—	—	—
Add: Depreciation and amortization expense	—	—	—
Add: Interest expense	45	13	32
Add: Principal collections on direct finance leases	—	—	—
Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities	—	—	—
Less: Equity in earnings of unconsolidated entities	—	—	—

Less: Non-controlling share of Adjusted EBITDA

Adjusted EBITDA	<u>\$ (7,470)</u>	<u>\$ (3,016)</u>	<u>\$ (4,454)</u>
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Expenses

Total expenses increased in the year ended December 31, 2014 compared to the year ended December 31, 2013 mainly due to an increase in management fees of \$3,252 attributable to an increase in the weighted average contributed capital and higher professional fees of \$1,202.

Adjusted Net Loss

Adjusted Net Loss increased by \$4,487 in the year ended December 31, 2014 as compared to the year ended December 31, 2013 due to the changes in Net loss attributable to shareholders noted above, partially offset by higher acquisition and transaction expenses incurred for potential acquisition opportunities in the year ended December 31, 2014.

Adjusted EBITDA

Adjusted EBITDA decreased \$4,454 in the year ended December 31, 2014 as compared to the year ended December 31, 2013, due to the changes in Net loss attributable to shareholders noted above, partially offset by higher acquisition and transaction expenses incurred for potential acquisition opportunities in the year ended December 31, 2014 and higher interest expense.

Transactions with Affiliates and Affiliated Entities

We are managed by FIG LLC (the "Manager"), an affiliate of Fortress, pursuant to a management agreement (the "Management Agreement") which provides for the Company to bear obligations for management fees and expense reimbursements payable to the Manager. Our Management Agreement requires our Manager to manage our business affairs in conformity with a broad asset acquisition strategy adopted and monitored by our board of directors. From time to time, we may engage (subject to our strategy) in material transactions with our Manager or another entity managed by our Manager or one of its affiliates or other affiliates of Fortress, which may include, but are not limited to, certain financing arrangements, acquisition of assets, acquisition of debt obligations, debt, co-investments, and other assets that present an actual, potential or perceived conflict of interest. Please see Note 14 to our consolidated financial statements included elsewhere in this filing for more information.

A non-controlling interest holder of Jefferson Terminal provides construction services for Jefferson Terminal. At December 31, 2015 and December 31, 2014, accounts payable due to this vendor was \$4,708 and \$14,025, respectively.

Subsequent Events

On February 16, 2016, we terminated our lease arrangement related to our ROV Support Vessel and are currently pursuing a new lessee.

On March 1, 2016, the Company's Board of Directors declared a cash dividend on its common stock of \$0.33 per share for the quarter ended December 31, 2015, payable on March 28, 2016 to the holders of record on March 18, 2016.

On March 7, 2016, The Port of Beaumont Navigation District of Jefferson County, Texas (the "District") issued \$144.2 million Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project). Proceeds from the issuance of such bonds were used, in part, to reimburse Jefferson Gulf Coast Energy Holdings, LLC and its subsidiaries (collectively, "Jefferson Railport") for certain costs related to the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products on behalf of the District. On March 8, 2016, in connection with the issuance and sale of such bonds, Jefferson Railport prepaid all amounts outstanding under the Jefferson Terminal Credit Agreement and the Jefferson Terminal Credit Agreement was terminated.

On March 9, 2016, we consummated the sale of approximately 39,000 shipping containers that were subject to a direct finance lease with a major Asian shipping line. After the payoff of debt securing the containers, we received net proceeds of approximately \$25 million.

Liquidity and Capital Resources

Our principal uses of liquidity have been (i) acquisitions of transportation infrastructure and equipment, (ii) distributions to our shareholders, (iii) expenses associated with our operating activities and (iv) debt service obligations associated with our investments (all dollar amounts are expressed in thousands).

- In the years ended December 31, 2015, 2014, and 2013, cash used for the purpose of making investments was \$278,433, \$622,179, and \$129,853 respectively.

- In years ended December 31, 2015, 2014, and 2013, distributions to shareholders including cash dividends were \$81,260, \$75,999, and \$39,631 respectively, and distributions to non-controlling interest were \$321, \$565, and \$321 respectively.
- Uses of liquidity associated with our operating expenses are captured on a net basis in our cash flows from operating activities. Uses of liquidity associated with our debt obligations are captured in our cash flows from financing activities.

Our principal sources of liquidity to fund these uses have been (i) revenues from our infrastructure and equipment assets (including finance lease collections and maintenance reserve collections) net of operating expenses, (ii) borrowings, (iii) distributions received from unconsolidated investees, (iv) capital contributions from our shareholders (v) proceeds from asset sales and (vi) proceeds from the issuance of common shares.

- During the years ended December 31, 2015, 2014, and 2013, cash flows from operating activities, plus the principal collections on finance leases and maintenance reserve collections were \$53,969, \$(16,296), and \$20,993 respectively.
- During the year ended December 31, 2015, additional borrowings of \$200 were obtained in connection with the CMQR Credit Agreement and we made total principal repayments of \$23,761. During the year ended December 31, 2014, additional borrowings of \$179,569 were obtained in connection with the Jefferson Terminal Facility of \$100,000, the FTAI Pride Credit Agreement of \$75,000, and the CMQR Credit Agreement of \$10,000 and we made total principal repayments of \$31,131. During the year ended 2013, additional borrowings of \$24,774 were obtained in connection with a note payable to the non-controlling interest in one of our consolidated subsidiaries of \$3,225 and a bank loan obtained in connection with our acquisition of an additional portfolio of shipping containers of \$21,549 and we made total principal repayments of \$7,377.
- During the years ended December 31, 2015, 2014, and 2013, we received \$3,937, \$17,271, and \$13,224 in cash distributions from our unconsolidated investees, respectively, of which \$209, \$8,207, and \$8,713 was included in cash flows from operating activities, respectively.
- During the years ended December 31, 2015, 2014, and 2013, proceeds from the sale of assets were \$14,518, \$37,074, and \$30,434 respectively.
- During the years ended December 31, 2015, 2014, and 2013, capital contributions from shareholders were \$295,879, \$490,747, and \$94,819 respectively, and capital contributions from non-controlling interests were \$37,826, \$57,841, and \$3,318 respectively.
- During the year ended December 31, 2015, proceeds from the issuance of common stock were \$351,059, net of issuance costs of \$2,998.

The Company is currently evaluating over \$2 billion of potential Infrastructure and Equipment Leasing transactions which could occur within the next 12 months. However, as of the date of this filing, none of the above referenced pipeline transactions or negotiations are definitive or included within the planned liquidity needs of the Company.

Historical Cash Flow

The following table compares the historical cash flow for the years ended December 31, 2015, 2014, and 2013:

	Year Ended December 31,		
	2015	2014	2013
	(in thousands)		
Cash Flow Data:			
Net cash provided by (used in) operating activities	\$ 23,528	\$ (31,551)	\$ 11,913
Net cash used in investing activities	(239,921)	(571,416)	(87,765)
Net cash provided by financing activities	575,971	617,856	78,964

Comparison of the years ended December 31, 2015 and December 31, 2014

Net cash provided by operating activities was \$23,528 in the year ended December 31, 2015 as compared to net cash used in operating activities of \$31,551 in the year ended December 31, 2014, representing a \$55,079 increase. Net loss was \$28,631 in the year ended December 31, 2015, compared to income of \$2,918 in the year ended December 31, 2014, a decrease of \$31,549. The increase in net cash provided by operating activities was driven by non-cash adjustments to reconcile net income which include an increase of (i) \$29,310 relating to depreciation and amortization primarily due to assets depreciated for a full year and significant assets placed into service during 2015, (ii) \$4,322 of amortization of lease intangibles and incentives, (iii) \$13,049 in equity in losses of unconsolidated entities, (iv) \$4,157 attributable to the change in gain on sale of equipment, and (v) \$3,397 of equity

based compensation, offset by a decrease in operating distributions from an unconsolidated entity of \$7,998 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. The increase was also driven by lower cash outflows related to accounts payable and accrued liabilities of \$49,080 during the year ended December 31, 2015 as the year ended December 31, 2014 included significant cash outflows resulting from the Jefferson acquisition.

Net cash used in investing activities decreased \$331,495 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. Cash used in the acquisition of leasing equipment and related lease intangibles decreased by \$240,017 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. Additionally, cash was used to fund the acquisition of Jefferson Terminal of \$47,811 and purchase CMQR of \$11,308 in the year ended December 31, 2014, both of which did not occur in the year ending December 31, 2015. Additionally, in conjunction with Jefferson Terminal, the Company funded term loans and other receivables of \$97,616 in the year ended December 31, 2014. The Company also received \$20,292 in principal collections on financing leases in the year ended December 31, 2015, as compared to \$11,931 in the year ended December 31, 2014. These decreases in cash used in investing activities were offset by higher cash flows used in the year ended December 31, 2015 as compared to the year ended December 31, 2014 for the acquisitions of property plant and equipment of \$46,587 related to the continued expansion and development of Jefferson Terminal and CMQR, as well as the investment in note receivable of \$14,869.

Net cash provided by financing activities was \$575,971 and \$617,856 in the years ended December 31, 2015 and 2014, respectively, representing a \$41,885 decrease. Such decrease was attributable to (i) a decrease in capital contributions from shareholders, net of distributions to shareholders and cash dividends paid of \$200,129, (ii) a decrease in proceeds from debt, net of repayment of debt of \$171,999 and (iii) a decrease in capital contributions from non-controlling interests of \$20,015 in the year ended December 31, 2015 as compared to the year ended December 31, 2014. These decreases in cash inflows were offset by the issuance of common shares net of issuance costs paid of \$351,059 in the year ended December 31, 2015.

Comparison of the years ended December 31, 2014 and December 31, 2013

Net cash used in operating activities was \$31,551 in 2014 and cash provided by operating activities was \$11,913 in 2013, representing a \$43,464 decrease. Net income was \$2,918 at December 31, 2014, compared to \$25,279 at December 31, 2013, a decrease of \$22,361. The decrease in net cash provided by operating activities was primarily due to an increase in cash used in accounts payable and accrued liabilities of \$46,792 due to the expansion of our business specifically with the acquisitions of Jefferson and CMQR during 2014. Accounts receivable increased by \$4,603 related to an increase in our customer base due to the purchase of equipment held for lease, and the acquisitions of the Jefferson Terminal and CMQR. Offsetting the decrease was an increase in non-cash adjustments to reconcile net income which include an increase of (i) \$12,089 relating to depreciation and amortization, (ii) \$2,694 of amortization of lease intangibles, (iii) \$4,232 in equity in earnings of unconsolidated entities, (iv) \$1,265 of equity based compensation and (v) \$6,144 of gain on the sale of an unconsolidated entity in 2013. Offsetting these increases was a decrease in the gain on sale of equipment of \$5,161 due to additional sales of equipment in 2014 as compared to 2013.

Net cash used in investing activities was \$571,416 and \$87,765 in 2014 and 2013, respectively, representing a \$483,651 increase. The increased use in cash for investing was driven by the number of investments made in 2014 versus 2013 as we continue to execute our business plan. In 2014, acquisitions of leasing equipment, Jefferson Terminal, and CMQR resulted in cash outflows of \$387,118, \$47,811 and \$11,308, respectively, as compared to cash outflows for 2013 acquisitions of leasing equipment of \$88,045 and acquisition of finance leases of \$41,808. In conjunction with Jefferson Terminal, the Company previously funded term loans and other receivables of \$97,616 in 2014. Acquisitions of property plant and equipment increased cash outflows in 2014 by \$49,441 due to the continued expansion and development of CMQR and Jefferson Terminal. Acquisition of lease intangibles resulted in cash outflows in 2014 of \$20,435 as compared to \$0 in 2013, due to the acquisition of aircraft with in place leases. The deposit paid for the purchase of the MT6015 vessel resulted in a cash outflow of \$7,450 as compared to \$0 in 2013, a result of the formation of a new joint venture in the Offshore Energy segment in 2014. During 2014, cash outflows further increased by the funding of an escrow account of \$1,000 as part of the acquisition of equipment held for lease. In addition, the funding of restricted cash balances increased by \$6,186 in 2014 as compared to 2013 in connection with the requirements of the Jefferson Terminal Credit Agreement. Cash inflows aggregating \$58,069 were generated in 2014 compared to \$43,208 in 2013, reflecting principal collections from direct finance leases, proceeds from the sale of assets and return of capital from unconsolidated entities.

Net cash provided by financing activities was \$617,856 and \$78,964 in 2014 and 2013, respectively, representing a \$538,892 increase. Such increase was attributable to (i) an increase in capital contributions from members of \$395,928, offset by an increase in capital distributions to members of \$36,368, (ii) an increase in capital contributions of \$54,523 attributable to non-controlling interests in 2014, offset by an increase in capital distributions to non-controlling interests of \$244, (iii) an increase in proceeds from borrowings, net of repayments, of \$131,041 and (iv) a decrease in cash received from the receipt of maintenance deposits net of releases of \$519. These increases were offset by a decrease in cash received for security deposits net of returns of \$902 and cash outflows relating to the payment of financing fees of \$4,610.

Funds Available for Distribution (Non-GAAP)

The Company uses Funds Available for Distribution (“FAD”) in evaluating its ability to meet its stated dividend policy. FAD is not a financial measure in accordance with GAAP. The GAAP measure most directly comparable to FAD is net cash provided by operating activities. The Company believes FAD is a useful metric for investors and analysts for similar purposes.

The Company defines FAD as: net cash provided by operating activities plus principal collections on finance leases, proceeds from sale of assets, and return of capital distributions from unconsolidated entities, less required payments on debt obligations and capital distributions to non-controlling interest, and excluding changes in working capital.

	Year Ended December 31,		
	2015	2014	2013
	(in thousands)		
Net Cash Provided by (Used in) Operating Activities	\$ 23,528	\$ (31,551)	\$ 11,913
Add: Principal Collections on Finance Leases	20,292	11,931	8,263
Add: Proceeds from sale of assets	14,518	37,074	30,434
Add: Return of Capital Distributions from Unconsolidated Entities	3,728	9,064	4,511
Less: Required Payments on Debt Obligations	(23,761)	(31,131)	(7,377)
Less: Capital Distributions to Non-Controlling Interest	(321)	(565)	(321)
Exclude: Changes in Working Capital	10,104	50,440	7,229
Funds Available for Distribution (FAD)	\$ 48,088	\$ 45,262	\$ 54,652

Limitations

FAD is subject to a number of limitations and assumptions and there can be no assurance that the Company will generate FAD sufficient to meet its intended dividends. FAD has material limitations as a liquidity measure of the Company because such measure excludes items that are required elements of the Company’s net cash provided by operating activities as described below. FAD should not be considered in isolation nor as a substitute for analysis of the Company’s results of operations under GAAP and it is not the only metric that should be considered when evaluating the Company’s ability to meet its stated dividend policy. Specifically:

- FAD does not include equity capital raised, proceeds from any debt issuance or future equity offering, historical cash and cash equivalents and expected investments in the Company’s operations.
- FAD does not give pro forma effect to prior acquisitions, certain of which cannot be quantified.
- While FAD reflects the cash inflows from sale of certain assets, FAD does not reflect the cash outflows to acquire assets as the Company relies on alternative sources of liquidity to fund such purchases.
- FAD does not reflect expenditures related to capital expenditures, acquisitions and other investments as the Company has multiple sources of liquidity and intends to fund these expenditures with future incurrences of indebtedness, additional capital contributions and/or future issuances of equity.
- FAD does not reflect any maintenance capital expenditures necessary to maintain the same level of cash generation from our capital investments.
- FAD does not reflect changes in working capital balances as management believes that changes in working capital are primarily driven by short term timing differences which are not meaningful to the Company’s distribution decisions.
- Management has significant discretion to make distributions and the Company is not bound by any contractual provision that requires it to use cash for distributions.

If such factors were included in FAD, there can be no assurance that the results would be consistent with the Company’s presentation of FAD.

Debt Obligations

The debt agreements to which our subsidiaries are a party include customary terms and conditions, including covenants and representations and warranties. These agreements restrict, among other things, the ability of our subsidiaries that are party to such agreements and their respective subsidiaries to incur indebtedness, create liens on property, make investments or distributions, or dispose of assets.

Under such debt agreements, certain events, including non-payment of principal or interest, bankruptcy or insolvency, or a

breach of a covenant or a representation or warranty may constitute an event of default and trigger an acceleration of payments.

Container Loan #1

On December 27, 2012, a subsidiary of the company entered into a Credit Agreement (“Container Loan #1”) with a bank for an initial aggregate amount of approximately \$56.0 million. Container Loan #1 requires monthly payments of interest and scheduled principal payments through its maturity. It can be prepaid without penalty after December 27, 2015. At December 31, 2015, the outstanding principal amount of the indebtedness under Container Loan #1 was approximately \$34.8 million. Container Loan #1 is secured by the Company’s interest in the shipping containers and related finance leases. Borrowings under the loan bear interest at a rate selected by the Company of either (i) a LIBOR based rate plus a spread of 3.75% or (ii) a Base Rate equal to the higher of the Prime Rate or the Federal Funds Rate plus 1.50%, plus a spread of 3.75%.

Container Loan #1 contains negative covenants which limit certain actions of the borrowers. Upon the occurrence and during the continuance of an event of default under Container Loan #1, principal, interest and any fees or other amounts owed under Container Loan #1 bear interest at a rate that is 2% per annum in excess of the interest rate otherwise payable with respect to such amounts. As of December 31, 2015, the Company was in compliance with all of the covenants under this agreement.

Container Loan #2

On August 15, 2013, a subsidiary of the Company, entered into a Credit Agreement (“Container Loan #2”) with a bank for an initial aggregate amount of approximately \$21.5 million in connection with the acquisition of a portfolio of shipping containers subject to direct finance leases. Container Loan #2 requires quarterly payments of interest and scheduled principal payments through its maturity and can be prepaid without penalty at any time. At December 31, 2015, the outstanding principal amount of the indebtedness under Container Loan #2 was approximately \$11.3 million. Container Loan #2 is secured by the Company’s interests in the shipping containers financed by Container Loan #2 and its related finance leases. Borrowings under Container Loan #2 bear interest at a rate of LIBOR plus a spread of 3.25%.

Container Loan #2 contains negative covenants which limit certain actions of the borrowers. Upon the occurrence and during the continuance of an event of default under the Container Loan #2, principal, interest and any fees or other amounts owed under the Container Loan #2 bear interest at a rate that is 2.5% per annum in excess of the interest rate otherwise payable with respect to such amounts. As of December 31, 2015, the Company was in compliance with all of the covenants under this agreement.

Note Payable to Non-Controlling Interest

In May 2013, in connection with the capitalization of a consolidated entity, the Company and the owner of the non-controlling interest loaned approximately \$18.3 million and \$3.2 million, respectively, to the entity in proportion to their respective ownership percentages of 85% and 15%. The loans bear interest at an annual rate of 5% and require monthly payments of principal and interest through their final maturity in May 2021. At December 31, 2015, the outstanding principal amount of the loan payable to non-controlling interest was approximately \$2.4 million. The loan amount funded by the Company and related interest have been eliminated in consolidation.

FTAI Pride Credit Agreement

On September 15, 2014, FTAI Pride, LLC, (“FTAI Pride”) a subsidiary of the Company entered into a credit agreement (the “FTAI Pride Credit Agreement”) with a bank in respect of a term loan in an aggregate amount of \$75.0 million. The loan proceeds were used in connection with the acquisition of an advanced offshore construction vessel. The FTAI Pride Credit Agreement requires quarterly payments of interest and scheduled principal payments of \$1.6 million beginning in the quarter ending December 31, 2015, through its maturity and can be prepaid without penalty at any time. At December 31, 2015, the outstanding principal amount of indebtedness under the FTAI Pride Credit Agreement was approximately \$67.2 million. The FTAI Pride Credit Agreement is secured on a first priority basis by the offshore construction vessel and charter. Borrowings under the FTAI Pride Credit Agreement bear interest at the LIBOR rate plus a spread of 4.50%. At December 31, 2015, borrowings under the FTAI Pride Credit Agreement bore interest at a rate of 5.02%.

The FTAI Pride Credit Agreement contains affirmative and negative covenants which limit certain actions of the borrower and a financial covenant requiring a Fixed Charges Coverage Ratio (as defined by the FTAI Pride Credit Agreement) of FTAI Pride of not less than 1.15:1.00 in any twelve month period ending December 31, 2014, or later. At December 31, 2015, the Company was in compliance with all the covenants under the FTAI Pride Credit Agreement.

CMQR Credit Agreement

On September 18, 2014, CMQR entered into a credit agreement (the “CMQR Credit Agreement”) with a financial institution in respect of a revolving line of credit in an aggregate amount of \$10.0 million. The CMQR Credit Agreement requires quarterly payments of interest. At December 31, 2015, the outstanding principal amount of indebtedness under the CMQR Credit Agreement was approximately \$9.4 million. Borrowings under the CMQR Credit Agreement bear interest at either (i) Adjusted LIBOR plus a spread of 2.50% or 4.50%, (ii) the U.S or Canadian Base Rate plus a spread of 1.50% or 3.50%, or (iii) the Canadian Fixed Rate

plus a spread of 2.50% or 4.50%, as each of those terms is defined by the CMQR Credit Agreement and the maturity date is September 18, 2017. Borrowings under the CMQR Credit Agreement bore interest at an average rate of 2.92% at December 31, 2015.

The CMQR Credit Agreement is also indirectly supported by Fortress Transportation and Infrastructure Investors LLC (the "Sponsor"). In the event of a default under the credit agreement, CMQR's lenders can cause CMQR to call up to \$12 million in capital from the Sponsor, and in the event of CMQR's bankruptcy, the lenders can put the debt back to the Sponsor. The capital call obligation and put right fall away upon satisfaction of certain conditions, including CMQR's compliance with minimum collateral coverage and a minimum Fixed Charge Coverage Ratio, as defined, of 1.30:1.00 for the preceding four-quarter period. Upon termination of the capital call obligation and put right, CMQR is required to maintain minimum collateral coverage at all times and a Fixed Charge Coverage Ratio of not less than 1.30:1.00 in any rolling four-quarter period. The CMQR Credit Agreement contains affirmative and negative covenants which limit certain actions of CMQR and at December 31, 2015, the Company was in compliance with these covenants.

Jefferson Terminal Credit Agreement

On August 27, 2014, Jefferson Gulf Coast Energy Partners LLC, a subsidiary of the Company, entered into a credit agreement (the "Jefferson Terminal Credit Agreement") with a financial institution for an aggregate amount of \$100.0 million. The loan proceeds were used to partially finance the acquisition of Jefferson Terminal (Note 3) as well as to pay certain working capital amounts. The Jefferson Terminal Credit Agreement required quarterly payments of \$0.25 million beginning with the quarter ending December 31, 2014, with such quarterly payments increasing to \$1.25 million beginning with the quarter ending December 31, 2016, and could be prepaid or repaid at any time prior to its maturity on February 27, 2018. The Jefferson Terminal Credit Agreement was secured on a first priority basis by substantially all assets of Jefferson Terminal, as defined in the agreement. Borrowings under the Jefferson Terminal Credit Agreement bear interest, at the Company's option, at the Adjusted Eurodollar Rate plus a spread of 8.00% or at a Base Rate plus a spread of 7.00%. The Jefferson Terminal Credit Agreement provided for a prepayment premium ranging from 1- 3% of the aggregate principal amount prepaid, including repayment at maturity (the "exit fee"). At December 31, 2015, the outstanding principal amount of the indebtedness under the Jefferson Terminal Credit Agreement was approximately \$98.8 million. At December 31, 2015, borrowings under the Jefferson Terminal Credit Agreement bore interest at a rate of 9.50%.

The Jefferson Terminal Credit Agreement contains affirmative and negative covenants which limit certain actions of the borrowers. At December 31, 2015, the Company was in compliance with all covenants under the Jefferson Terminal Credit Agreement.

On March 8, 2016, all amounts outstanding under the Jefferson Terminal Credit Agreement were paid in full and such agreement was terminated.

Series 2010 Bonds

On December 1, 2010, Jefferson County Industrial Development Corporation issued \$300.0 million of tax-exempt industrial bonds, the Series 2010 Bonds, which provided tax-exempt financing for businesses, to be used for specific purposes to stimulate the economy of the respective beneficiary counties. The proceeds of this issuance were loaned to Jefferson Terminal, to be held in trust as restricted cash, to ensure adherence to the restrictions of use of the funds. Use of the proceeds required approval from a trustee prior to release of funds. In accordance with the terms of the trust indenture and security agreements, Series 2010 Bonds could be tendered by bondholders and purchased by the Company using the unused restricted cash proceeds.

During the year ended December 31, 2014, \$2,000 of principal was repaid related to the Series 2010 Bonds and the remaining \$298,000 of principal was tendered by the bondholders and purchased by the Company utilizing unused restricted cash proceeds. As of December 31, 2014, Series 2010 Bonds purchased by the Company were deemed to be owned by the Company, and in the Consolidated Balance Sheet, the Company had \$298,000 of Tendered Bonds and an equal corresponding amount in Debt. Tendered bonds did not convey principal or interest payments while held by the Company. During year ended December 31, 2015, the Jefferson County Industrial Development Corporation, the Company, and Amegy Bank as the related trustee, agreed to cancel the Series 2010 Bonds. Accordingly, as of December 31, 2015, the Series 2010 Bonds were deemed canceled and are no longer reported within Tendered Bonds or Debt in the Consolidated Balance Sheet.

Series 2012 Bonds

On August 1, 2012, Jefferson County Industrial Development Corporation issued \$46.9 million of its Series 2012 Bonds to specifically fund construction and operation of an intermodal transfer facility for crude oil and refined petroleum products. The proceeds of this issuance were loaned to Jefferson Terminal, to be held in trust as restricted cash, to ensure adherence to the restrictions of use of the funds. Use of the proceeds requires approval from a trustee prior to release of funds. Such restricted cash may only be released to us after payment of applicable reserves, including a six-month interest reserve, and expenses, as determined by the trustee. In connection with the Company's acquisition of Jefferson Terminal, the Series 2012 Bonds were recorded at a fair

value of \$48.6 million and the premium is being amortized using the effective interest method over the remaining contractual term of the Series 2012 Bonds. The principal of the Series 2012 Bonds are payable annually at varying amounts. As of December 31, 2015, \$45.5 million of original principal on the Series 2012 Bonds remained outstanding. The Series 2012 Bonds have a stated maturity of July 1, 2032, bear interest at 8.25%, and require scheduled principal payments.

The Series 2012 Bond agreement contains a financial covenant requiring a subsidiary of the Company to maintain a long-term debt service coverage ratio, as defined in the agreement, of 1.25 to 1, in each fiscal year, beginning with December 31, 2014. At December 31, 2015, the Company was in compliance with all the covenants under the Series 2012 Bonds.

Series 2016 Bonds

On March 7, 2016, the Port of Beaumont Navigation District of Jefferson County, Texas (the “District”) issued \$144.2 million of Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the “Series 2016 Bonds”). Proceeds from the issuance of the Series 2016 Bonds were used, in part, to reimburse Jefferson Railport Terminal II, LLC (“Jefferson Railport II”) for certain costs related to the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products (the “Facilities”) on behalf of the District. On March 8, 2016, in connection with the issuance and sale of such bonds, Jefferson Railport prepaid all amounts outstanding under the Jefferson Terminal Credit Agreement and the Jefferson Terminal Credit Agreement was terminated.

Construction of the Facilities has occurred, and will occur, on property leased by the District to Jefferson Railport II pursuant to a First Amended and Restated Ground Lease between Jefferson Railport II, as lessee, and the District, as lessor. All such Facilities will be leased by the District to Jefferson Railport II pursuant to a Lease and Development Agreement between the District and Jefferson Railport II.

The Series 2016 Bonds are subject to mandatory tender for purchase at par on February 13, 2020 if they have not been repurchased from proceeds of a remarketing of the Series 2016 Bonds or redeemed prior to such date. In the event all of the Series 2016 Bonds are not repurchased from proceeds of a remarketing or redeemed at February 13, 2020, Jefferson Railport and Jefferson Railport Terminal II Holdings LLC (“Jefferson Holdings”), a Delaware limited liability company and parent of Jefferson Railport II, have agreed to purchase the Series 2016 Bonds from the Holders thereof at par pursuant to a Standby Bond Purchase Agreement. In addition, pursuant to the Standby Purchase Agreement, Jefferson Holdings will guarantee the payment of all Rent (as defined in the Facilities Lease) and all principal of and premium and interest on the Series 2016 Bonds payable prior to repurchase or redemption at February 13, 2020.

Under a Capital Call Agreement, the Company has agreed to make funds available to Jefferson Holdings in order to satisfy its obligation under the Standby Bond Purchase Agreement. The Capital Call Agreement contains certain covenants applicable to the Company, including a negative lien covenant regarding Aviation Assets, as well as maintenance of a minimum total asset value of Aviation Assets and minimum total equity of the Company.

Contractual Obligations

The following table summarizes our future obligations, by period due, as of December 31, 2015, under our various contractual obligations and commitments.

	Payments Due by Period (in thousands)						
	Total	2016	2017	2018	2019	2020	Thereafter
Container Loan #1	\$ 34,761	\$ 7,279	\$ 27,482	\$ —	\$ —	\$ —	\$ —
Container Loan #2	11,338	7,371	452	3,515	—	—	—
Note payable to non-controlling interest	2,352	571	403	403	403	572	—
FTAI Pride Credit Agreement	67,188	6,250	6,250	6,250	48,438	—	—
CMQR Credit Agreement	9,407	—	9,407	—	—	—	—
Jefferson Terminal Credit Agreement	98,750	2,000	5,000	91,750	—	—	—
Jefferson Bonds Payable	45,510	1,320	1,425	1,545	1,670	1,810	37,740
Total principal payments on loans and bonds payable	\$ 269,306	\$ 24,791	\$ 50,419	\$ 103,463	\$ 50,511	\$ 2,382	\$ 37,740
Total estimated interest payments ⁽¹⁾	73,436	18,614	17,186	7,685	5,161	3,210	21,580
Operating lease obligations	103,341	6,622	5,751	5,157	4,751	4,093	76,967
Capital lease obligations	491	102	102	102	102	83	—
Total contractual obligations	\$ 446,574	\$ 50,129	\$ 73,458	\$ 116,407	\$ 60,525	\$ 9,768	\$ 136,287

⁽¹⁾ Estimated interest payments are based on interest rates as of December 31, 2015.

Off-Balance Sheet Arrangements

We had no off-balance sheet arrangements as of December 31, 2015.

Application of Critical Accounting Policies

Operating Leases

We lease equipment and land pursuant to net operating leases. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the lease, assuming no renewals. Revenue is not recognized when collection is not reasonably assured. When collectability is not reasonably assured, the customer is placed on non-accrual status and revenue is recognized when cash payments are received.

We also recognize maintenance revenue related to the portion of maintenance payments received from lessees of aviation equipment that are not expected to be reimbursed in connection with major maintenance events.

Finance Leases

As of December 31, 2015, we lease shipping containers and an anchor handling tug supply vessel subject to finance leases. These leases generally include a lessee obligation to purchase the leased equipment at the end of the lease term, a bargain purchase option, or provide for minimum lease payments with a present value of 90% or more of the fair value of the asset at the date of lease inception. Net investment in finance leases represents the minimum lease payments due from lessees, net of unearned income. The lease payments are segregated into principal and interest components similar to a loan. Unearned income is recognized on an effective interest method over the lease term and is recorded as finance lease income. The principal component of the lease payment is reflected as a reduction to the net investment in finance leases.

Maintenance Payments

Typically, under an operating lease of aviation equipment, the lessee is responsible for performing all maintenance and is generally required to make maintenance payments to us for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft or engine. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending on the component, and are generally required to be made monthly in arrears. If a lessee is making monthly maintenance

payments, we would typically be obligated to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following the completion of the relevant work.

We record the portion of maintenance payments paid by the lessee that is expected to be reimbursed as maintenance deposit liabilities on the Consolidated Balance Sheet. Reimbursements made to the lessee upon the receipt of evidence of qualifying maintenance work are charged against the maintenance deposit liability.

In certain leases, the lessee or the Company may be obligated to make a payment to the other party at lease termination based on redelivery conditions stipulated at the inception of the lease. We recognize payments received as end-of-lease compensation adjustments, within lease revenue, when payment is received or collectability is assured. In the event we are required to make payments at the end of the lease for redelivery conditions, amounts are accrued as additional maintenance liability when we are obligated and can reasonably estimate such payment.

Property, Plant and Equipment, Leasing Equipment and Depreciation

Property, plant and equipment and leasing equipment are stated at cost (inclusive of capitalized acquisition costs, where applicable), and depreciated using the straight-line method, over estimated useful lives, to estimated residual values which are summarized as follows:

	Range of Estimated Useful Lives	Residual Value Estimates
Passenger aircraft	25 years from date of manufacture	Not to exceed 15% of manufacturer's list price when new
Aircraft engines	2 - 6 years, based on maintenance adjusted service life	Sum of engine core salvage value plus the estimated fair value of life limited parts
Offshore energy vessels	25 years from date of manufacture	20% of new build cost
Railcars and locomotives	40 - 50 years from date of manufacture	Scrap value at end of useful life
Track and track related assets	15 - 50 years from date of manufacture	Scrap value at end of useful life
Buildings and improvements	20 - 30 years	Scrap value at end of useful life
Railroad equipment	3 - 15 years from date of manufacture	Scrap value at end of useful life
Crude oil terminal machinery and equipment	15 - 25 years from date of manufacture	Scrap value at end of useful life
Vehicles	5 - 7 years from date of manufacture	Scrap value at end of useful life
Furniture and fixtures	3 - 6 years from date of purchase	None
Computer hardware and software	3 - 5 years from date of purchase	None

Major improvements and modifications incurred in connection with the acquisition of property, plant and equipment and leasing equipment that are required to get the asset ready for initial service are capitalized and depreciated over the remaining life of the asset. Costs of major additions and betterments are capitalized and depreciation commences once it is placed into service. Interest costs directly related to and incurred during the construction period of property, plant and equipment are capitalized. Significant spare parts are depreciated in conjunction with the underlying asset when placed in service.

We review our depreciation policies on a regular basis to determine whether changes have taken place that would suggest that a change in its depreciation policies, useful lives of its equipment or the assigned residual values is warranted.

For planned major maintenance or component overhaul activities for aviation equipment off lease, the cost of such major maintenance or component overhaul event is capitalized and depreciated on a straight-line basis over the period until the next maintenance or component overhaul event is required.

Our offshore energy vessels are required to be drydocked periodically for recertifications or major repairs and maintenance that cannot be performed while the vessels are operating. Normal repairs and maintenance are expensed as incurred. We capitalize

the costs associated with the drydockings and amortize them on a straight-line basis over the period between drydockings, usually between 30 and 60 months.

In accounting for leasing equipment, we make estimates about the expected useful lives, residual values and the fair value of acquired in-place leases and acquired maintenance liabilities (for aviation equipment). In making these estimates, we rely upon observable market data for the same or similar types of equipment and, in the case of aviation equipment, our own estimates with respect to a lessee's anticipated utilization of the aircraft or engine. When we acquire leasing equipment subject to an in-place lease, determining the fair value of the in-place lease requires us to make assumptions regarding the current fair values of leases for identical or similar equipment, in order to determine if the in-place lease is within a fair value range of current lease rates. If a lease is below or above the range of current lease rates, the resulting lease discount or premium is recognized as a lease intangible and amortized into lease income over the remaining term of the lease.

Impairment of Long-lived Assets

We perform a recoverability assessment of each of our long-lived assets whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination; significant traffic decline; or the introduction of newer technology aircraft, vessels, engines or railcars. When performing a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its net book value. The undiscounted cash flows consist of cash flows from currently contracted leases and terminal services contracts, future projected leases, terminal service and freight rail rates, transition costs, estimated down time and estimated residual or scrap values. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Our management develops the assumptions used in the recoverability analysis based on its knowledge of active contracts, current and future expectations of the global demand for a particular asset and historical experience in the leasing markets, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in contracted lease rates, terminal service, and freight rail rates, residual values, economic conditions, technology, demand for a particular asset type and other factors.

Goodwill

We review carrying values of goodwill at least annually to assess impairment since these assets are not amortized. An annual impairment review is conducted as of October 1st of each year. Additionally, we review the carrying value of goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The determination of fair value involves significant management judgment. For an annual goodwill impairment assessment, an optional qualitative analysis may be performed. If the option is not elected or if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a two-step goodwill impairment test is performed to identify potential goodwill impairment and measure an impairment loss.

The first step of an impairment assessment compares the fair value of a respective reporting unit with its carrying amount, including goodwill. The estimate of fair value of the respective reporting unit is based on the best information available as of the date of assessment, which primarily incorporates certain factors including our assumptions about operating results, business plans, income projections, anticipated future cash flows and market data. If the estimated fair value of the reporting unit is less than the carrying amount a second step must be completed in order to determine the amount of goodwill impairment that should be recorded, if any. Although we believe the estimates of fair value are reasonable, the determination of certain valuation inputs is subject to management's judgment. Changes in these inputs could materially affect the results of the impairment review. If the forecasts of cash flows generated by the Jefferson Terminal and the Railroad reporting units or other key inputs, such as profitability or cost of capital, are negatively revised in the future, the estimated fair value of the Jefferson Terminal and Railroad reporting units would be adversely impacted, potentially leading to an impairment in the future that could materially affect our operating results. We performed a sensitivity analysis for goodwill impairment and determined that a hypothetical 5% decline in the fair value of each reporting unit as of October 1, 2015 would not result in an impairment of goodwill for any reporting unit. During the period ended December 31, 2015, there was no impairment of goodwill.

Derivative Financial Instruments

In the normal course of business we may utilize interest rate derivatives to manage its exposure to interest rate risks, principally related to the hedging of variable rate interest payments on various debt facilities. If certain conditions are met, an interest rate derivative may be specifically designated as a cash flow hedge. One of our designated interest rate derivatives is a cash flow hedge. We do not enter into speculative derivative transactions.

On the date that we enter into an interest rate derivative, its designation as a cash flow hedge is formally documented. On an ongoing basis, an assessment is made as to whether the interest rate derivative has been highly effective in offsetting changes in the cash flows of the variable rate interest payments on the associated debt and whether the interest rate derivative is expected

to remain highly effective in future periods. If it were to be determined that the interest rate derivative is not (or has ceased to be) highly effective as a cash flow hedge, the use of cash flow hedge accounting would be discontinued prospectively.

All interest rate derivatives are recognized on the balance sheet at their fair value. For interest rate derivatives designated as cash flow hedges, the effective portion of the interest rate derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the interest payments on the debt are recorded in earnings. The ineffective portion of the interest rate derivative, if any, is calculated and recorded in interest expense. Changes in fair value of non-hedge derivatives are recorded in earnings on a current basis.

In the event of a termination of an interest rate derivative prior to its contracted maturity, any related net gains or losses in accumulated other comprehensive income at the date of termination would be reclassified into earnings, unless it remains probable that interest payments on the debt will continue to occur, in which case the amount in accumulated other comprehensive income would be reclassified into earnings as the interest payments on the debt affect earnings.

Recent Accounting Pronouncements

Please see note 2 to our consolidated financial statements included in Item 8 in this Annual Report on Form 10-K for recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of changes in value of a financial instrument, caused by fluctuations in interest rates and foreign exchange rates. Changes in these factors could cause fluctuations in our results of operations and cash flows. We are exposed to the market risks described below.

Interest Rate Risk

Interest rate risk is the exposure to loss resulting from changes in the level of interest rates and the spread between different interest rates. Interest rate risk is highly sensitive to many factors, including the U.S. government's monetary and tax policies, global economic factors and other factors beyond our control. We are exposed to changes in the level of interest rates and to changes in the relationship or spread between interest rates. Our primary interest rate exposure relates to our term loan arrangements.

Our borrowing agreements generally require payments based on a variable interest rate index, such as LIBOR. Therefore, to the extent our borrowing costs are not fixed, increases in interest rates may reduce our net income by increasing the cost of our debt without any corresponding increase in rents or cash flow from our finance leases. We manage our exposure to interest rate movements through the use of interest rate derivatives (interest rate swaps and caps). As a result, when market rates of interest change, there is generally not a material impact on our interest expense, future earnings or cash flows.

The following discussion about the potential effects of changes in interest rates is based on a sensitivity analysis, which models the effects of hypothetical interest rate shifts on our financial condition and results of operations. Although we believe a sensitivity analysis provides the most meaningful analysis permitted by the rules and regulations of the SEC, it is constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by the inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of a sensitivity analysis for changes in interest rates may have some limited use as a benchmark, they should not be viewed as a forecast. This forward-looking disclosure also is selective in nature and addresses only the potential interest expense impacts on our financial instruments and, in particular, does not address the mark-to-market impact on our interest rate derivatives. It also does not include a variety of other potential factors that could affect our business as a result of changes in interest rates.

As of December 31, 2015, assuming we do not hedge our exposure to interest rate fluctuations related to our outstanding floating rate debt, a hypothetical 100-basis point increase/decrease in our variable interest rate on our borrowings would result in an interest expense increase/(decrease) of approximately \$2.2 million and \$(2.2) million, respectively, over the next twelve months before the impact of interest rate derivatives.

Through the use of an interest rate swap, we have reduced our exposure to interest rate changes with respect to 70% of the outstanding principal balance of Container Loan #1. Through the use of an interest rate cap, we have reduced our exposure to interest rate changes with respect to 50% of the outstanding principal balance of that portion of Container Loan #2 attributable to equipment which is subject to direct finance leases having a five year term (representing a notional amount of approximately \$2.6 million at December 31, 2015).

Foreign Currency Exchange Risk

Our functional currency is U.S. dollars. All of our leasing arrangements are denominated in U.S. dollars. Currently, the majority of freight rail revenue is also denominated in U.S. dollars, but a portion is denominated in Canadian dollars. Although foreign exchange risk could arise from our operations in multiple jurisdictions, we do not have significant exposure to foreign

currency risk as our leasing arrangements are denominated in U.S. dollars. All of our purchase agreements are negotiated in U.S. dollars, and we currently receive the majority of revenue in U.S. dollars. We pay substantially all of our expenses in U.S. dollars; however we pay some expenses in Canadian dollars. Because we currently receive the majority of our revenues in U.S. dollars and pay substantially all of our expenses in U.S. dollars, we do not expect a change in foreign exchange rates would have a significant impact on our results of operations or cash flows.

Index to Financial Statements:

CONSOLIDATED FINANCIAL STATEMENTS OF FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Operations for the years ended December 31, 2015, 2014, and 2013

Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2015, 2014, and 2013

Consolidated Statements of Changes in Equity for the years ended December 31, 2015, 2014, and 2013

Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014, and 2013

Notes to Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS OF INTERMODAL FINANCE I LTD:

Independent Auditor's Report

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Operations for the years ended December 31, 2015, 2014, and 2013

Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2015, 2014, and 2013

Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014, and 2013

Consolidated Statements of Members' Equity for the years ended December 31, 2015, 2014, and 2013

Notes to Consolidated Financial Statements

In accordance with Regulation S-X 3-09, the audited consolidated financial statements of Intermodal Finance I Ltd. as of and for the years ended December 31, 2015, 2014, and 2013, are presented herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Fortress Transportation and Infrastructure Investors LLC:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive (loss) income, of changes in equity and of cash flows present fairly, in all material respects, the financial position of Fortress Transportation and Infrastructure Investors LLC and its subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
New York, New York
March 8, 2016

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED BALANCE SHEETS

(Dollar amounts in thousands, except share and per share data)

	Notes	December 31, 2015	December 31, 2014
Assets			
Cash and cash equivalents	2	\$ 381,703	\$ 22,125
Restricted cash	2	21,610	21,084
Accounts receivable, net		14,466	9,588
Leasing equipment, net	4	636,681	509,379
Finance leases, net	5	82,521	102,813
Property, plant, and equipment, net	6	299,678	227,381
Investment in and advances to unconsolidated entity	7	10,675	21,569
Tendered bonds	2, 9	—	298,000
Intangible assets, net	8	44,129	52,169
Goodwill	3	116,584	116,584
Other assets		41,594	24,048
Total assets		\$ 1,649,641	\$ 1,404,740
Liabilities			
Accounts payable and accrued liabilities		\$ 34,995	\$ 43,174
Debt	9	271,057	592,867
Maintenance deposits	2	30,494	35,575
Security deposits	2	15,990	13,622
Other liabilities		6,419	6,005
Total liabilities		\$ 358,955	\$ 691,243
Commitments and contingencies	17		
Equity			
Common shares (\$0.01 par value per share; 2,000,000,000 shares authorized; 75,718,183 and 53,502,873 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively)		757	535
Additional paid in capital		1,184,198	613,683
Accumulated deficit		(18,769)	—
Accumulated other comprehensive income		97	214
Shareholders' equity		1,166,283	614,432
Non-controlling interest in equity of consolidated subsidiaries		124,403	99,065
Total equity		1,290,686	713,497
Total liabilities and equity		\$ 1,649,641	\$ 1,404,740

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollar amounts in thousands, except share and per share data)

	Notes	Year Ended December 31,		
		2015	2014	2013
Revenues				
Equipment leasing revenues		\$ 92,743	\$ 43,984	\$ 19,530
Infrastructure revenues		43,825	13,946	—
Total revenues	11	136,568	57,930	19,530
Expenses				
Operating expenses		68,793	27,223	3,157
General and administrative		7,568	2,007	805
Acquisition and transaction expenses	2	5,683	11,450	260
Management fees and incentive allocation to affiliate	14	15,018	5,463	2,211
Depreciation and amortization	4, 6, 8	45,308	15,998	3,909
Interest expense		19,311	5,872	2,816
Total expenses		161,681	68,013	13,158
Other income (expense)				
Equity in (loss) earnings of unconsolidated entities	7	(6,956)	6,093	10,325
Gain on sale of equipment, net		3,419	7,576	2,415
Gain on sale of unconsolidated entity		—	—	6,144
Interest income		579	186	23
Other income, net		26	20	—
Total other income (expense)		(2,932)	13,875	18,907
(Loss) Income before income taxes				
		(28,045)	3,792	25,279
Provision for income taxes	13	586	874	—
Net (loss) income		(28,631)	2,918	25,279
Less: Net (loss) income attributable to non-controlling interests in consolidated subsidiaries		(16,805)	(4,862)	458
Net (loss) income attributable to shareholders		\$ (11,826)	\$ 7,780	\$ 24,821
(Loss) Earnings per Share:				
	16			
Basic and Diluted		\$ (0.18)	\$ 0.15	\$ 0.46
Weighted Average Shares Outstanding:				
Basic		67,039,439	53,502,873	53,502,873
Diluted		67,039,439	53,502,873	53,502,873

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(Dollar amounts in thousands, unless otherwise noted)

	Year Ended December 31,		
	2015	2014	2013
Net (loss) income	\$ (28,631)	\$ 2,918	\$ 25,279
Other comprehensive (loss) income:			
Change in fair value of cash flow hedge ⁽¹⁾	(117)	(114)	405
Comprehensive (loss) income	\$ (28,748)	\$ 2,804	\$ 25,684
Comprehensive (loss) income attributable to non-controlling interest	\$ (16,805)	\$ (4,862)	\$ 458
Comprehensive (loss) income attributable to shareholders	\$ (11,943)	\$ 7,666	\$ 25,226

(1) Includes the Company's share of equity method investee amounts of \$77 for the year ended December 31, 2013.

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Dollar amounts in thousands, unless otherwise noted)

	Common Stock	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interest in Equity of Consolidated Subsidiaries	Total Equity
Equity - December 31, 2013	\$ 535	\$ 191,566	\$ —	\$ 328	\$ 3,455	\$ 195,884
Comprehensive (loss) income:						
Net (loss) income for the period		7,780	—		(4,862)	2,918
Other comprehensive loss				(114)	—	(114)
Total comprehensive (loss) income					(4,862)	2,804
Capital contributions		490,747			99,772	590,519
Capital distributions		(76,410)			(565)	(76,975)
Equity-based compensation		—			1,265	1,265
Equity - December 31, 2014	\$ 535	\$ 613,683	\$ —	\$ 214	\$ 99,065	\$ 713,497
Comprehensive (loss) income:						
Net (loss) income for the period		6,943	(18,769)		(16,805)	(28,631)
Other comprehensive loss				(117)	—	(117)
Total comprehensive loss					(16,805)	(28,748)
Capital contributions		295,879			37,826	333,705
Capital distributions		(44,917)			(321)	(45,238)
Issuance of common shares	222	348,929			—	349,151
Dividends declared		(36,343)			—	(36,343)
Equity-based compensation		24			4,638	4,662
Equity - December 31, 2015	\$ 757	\$ 1,184,198	\$ (18,769)	\$ 97	\$ 124,403	\$ 1,290,686

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands, unless otherwise noted)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net (loss) income	\$ (28,631)	\$ 2,918	\$ 25,279
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Equity in loss (earnings) of unconsolidated entities	6,956	(6,093)	(10,325)
Gain on sale of equipment	(3,419)	(7,576)	(2,415)
Gain on sale of an unconsolidated entity	—	—	(6,144)
Security deposits and maintenance claims included in earnings	(439)	—	—
Equity-based compensation	4,662	1,265	—
Depreciation and amortization	45,308	15,998	3,909
Change in current and deferred income taxes	61	626	—
Change in fair value of non-hedge derivative	14	25	—
Amortization of lease intangibles and incentives	7,016	2,694	—
Amortization of deferred financing costs	1,469	576	125
Operating distributions from unconsolidated entities	209	8,207	8,713
Bad debt expense	676	281	—
Other	(250)	(32)	—
Change in:			
Accounts receivable	(5,940)	(7,212)	(2,609)
Other assets	(5,057)	(2,654)	(6,481)
Accounts payable and accrued liabilities	3,180	(45,900)	892
Management fees payable to affiliate	(1,168)	2,362	875
Other liabilities	(1,119)	2,964	94
Net cash provided by (used in) operating activities	\$ 23,528	\$ (31,551)	\$ 11,913
Cash flows from investing activities:			
Change in restricted cash	(526)	(7,306)	(1,120)
Investment in notes receivable	(14,869)	—	—
Construction deposit related to vessel	—	(7,450)	—
Principal collections on finance leases	20,292	11,931	8,263
Acquisition of leasing equipment	(165,090)	(387,118)	(88,045)
Acquisition of property plant and equipment	(96,028)	(49,441)	—
Acquisition of lease intangibles	(2,446)	(20,435)	—
Acquisition of finance leases	—	—	(41,808)
Proceeds from sale of investment in unconsolidated entity	—	—	22,000
Collection of notes receivable	—	4,500	—
Acquisition of CMQR	—	(11,308)	—
Acquisition of Jefferson Terminal	—	(47,811)	—
Acquisition of pre-existing debt relationships	—	(97,616)	—
Proceeds from sale of leasing equipment	13,625	31,597	8,434
Proceeds from sale of property, plant and equipment	893	842	—
Proceeds from sale of equipment held for sale	—	135	—
Proceeds from deposit on sale of engine	500	—	—
Escrow funding for the purchase of aircraft	—	(1,000)	—
Return of capital distributions from unconsolidated entities	3,728	9,064	4,511
Net cash used in investing activities	\$ (239,921)	\$ (571,416)	\$ (87,765)

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollar amounts in thousands, unless otherwise noted)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from financing activities:			
Purchase of interest rate cap	\$ —	\$ —	\$ (43)
Proceeds from debt	200	179,569	24,774
Repayment of debt	(23,761)	(31,131)	(7,377)
Payment of deferred financing costs	(136)	(4,793)	(183)
Receipt of security deposits	2,060	2,389	3,466
Return of security deposits	(960)	(500)	(675)
Receipt of maintenance deposits	10,149	3,324	817
Release of maintenance deposits	(14,764)	(3,026)	—
Proceeds from issuance of common shares, net of underwriter's discount	354,057	—	—
Common shares issuance costs	(2,998)	—	—
Capital contributions from shareholders	295,879	490,747	94,819
Capital distributions to shareholders	(44,917)	(75,999)	(39,631)
Capital contributions from non-controlling interests	37,826	57,841	3,318
Capital distributions to non-controlling interests	(321)	(565)	(321)
Cash dividends paid	(36,343)	—	—
Net cash provided by financing activities	\$ 575,971	\$ 617,856	\$ 78,964
Net increase in cash and cash equivalents	359,578	14,889	3,112
Cash and cash equivalents, beginning of period	22,125	7,236	4,124
Cash and cash equivalents, end of period	\$ 381,703	\$ 22,125	\$ 7,236
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 18,566	\$ 3,627	\$ 2,700
Cash paid for taxes	\$ 507	\$ 274	\$ —
Supplemental disclosure of non-cash investing and financing activities:			
Acquisition of finance leases	\$ —	\$ —	\$ (894)
Acquisition of leasing equipment	\$ (5,408)	\$ (52,556)	\$ (503)
Acquisition of CMQR	\$ —	\$ (2,991)	\$ —
Acquisition of property, plant and equipment	\$ (203)	\$ (22,454)	\$ —
Acquisition of Jefferson	\$ —	\$ (38,207)	\$ —
Settled and assumed security deposits	\$ 2,388	\$ 8,317	\$ —
Billed, assumed and settled maintenance deposits	\$ (1,146)	\$ 34,461	\$ —
Non-cash contribution of non-controlling interest	\$ —	\$ 38,207	\$ —
Equity compensation to non-controlling interest	\$ 4,638	\$ 1,265	\$ —
Loan receivable from non-controlling interest	\$ —	\$ 3,725	\$ —
Note receivable from sale of unconsolidated entity	\$ —	\$ —	\$ 4,500
Deemed distribution and contribution of capital	\$ —	\$ —	\$ 2,267
Distribution payable	\$ —	\$ (411)	\$ —
Common share issuance costs	\$ (1,908)	\$ —	\$ —
Partnership's share of change in fair value of cash flow hedge of equity method investee	\$ —	\$ —	\$ 77
Change in fair value of cash flow hedge	\$ (117)	\$ (114)	\$ 328

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

1. ORGANIZATION

Fortress Transportation and Infrastructure Investors LLC (the “Company”) is a Delaware limited liability company which, through its subsidiary, Fortress Transportation and Infrastructure General Partnership (the “Partnership”), is engaged in the ownership and leasing of aviation equipment, offshore energy equipment and shipping containers, and also owns and operates a short line railroad in North America, Central Maine and Québec Railway (“CMQR”), and a multi-modal crude oil and refined products terminal in Beaumont, Texas (“Jefferson Terminal”). The Company has five reportable segments, Aviation Leasing, Offshore Energy, Shipping Containers, Jefferson Terminal and Railroad, which operate in two primary businesses, Equipment Leasing and Infrastructure (Note 15).

The Company is managed by FIG LLC (the “Manager”), an affiliate of Fortress Investment Group LLC (“Fortress”), pursuant to a management agreement (the “Management Agreement”) which provides for the Company to bear obligations for management fees and expense reimbursements payable to the Manager (Note 14).

At December 31, 2014, through their investment in the Company, the beneficial owners of the Partnership were Fortress Worldwide Transportation and Infrastructure Investors LP (the “Onshore Fund”), with an 89.97% interest and Fortress Worldwide Transportation and Infrastructure Offshore LP (the “Offshore Fund”) with a 9.98% interest; in addition, Fortress Worldwide Transportation and Infrastructure Master GP LLP (the “Master GP”) holds a 0.05% interest. The Master GP is owned by an affiliate of Fortress. The Onshore Fund and the Offshore Fund (collectively, the “Initial Shareholders”) are investment vehicles which are sponsored by Fortress. The general partner of the Onshore Fund and the Offshore Fund is an affiliate of Fortress.

In May 2015, the remaining capital commitments of the investors of the Onshore Fund, Offshore Fund and Master GP were called. Through a series of transactions, the Master GP contributed its rights to previously undistributed incentive allocations pursuant to the partnership agreement in exchange for the limited partnership interests in the Onshore Fund and the Offshore Fund equal to the amount of any such undistributed incentive allocations and 53,502,873 common shares were issued to the Onshore Fund and Offshore Fund based on their relative interests in the Company.

On May 20, 2015, the Company completed an Initial Public Offering (“IPO”) of 20 million common shares at a price to the public of \$17.00 per share. On June 15, 2015, the underwriters exercised their overallotment option, pursuant to which the Company issued an additional 2.2 million shares to such underwriters at the IPO price.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and include the accounts of the Company and its subsidiaries. The Company consolidates all entities in which it has a controlling financial interest and in which it has control over significant operating decisions, as well as variable interest entities (“VIE’s”) in which the Company is the primary beneficiary. All significant intercompany transactions and balances have been eliminated. The ownership interest of other investors in consolidated subsidiaries is recorded as non-controlling interest.

The Company uses the equity method of accounting for investments in entities in which the Company exercises significant influence but which do not meet the requirements for consolidation. Under the equity method, the Company records its proportionate share of the underlying net income (loss) of these entities.

Variable Interest Entities—The assessment of whether an entity is a VIE and the determination of whether to consolidate a VIE requires judgment. VIEs are defined as entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. A VIE is required to be consolidated by its primary beneficiary, and only by its primary beneficiary, which is defined as the party who has the power to direct the activities of a VIE that most significantly impact its economic performance and who has the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The VIE in which the Company has an interest is WWTAI IES MT6015 Ltd. (“MT6015”), an entity formed in 2014 which has entered into a contract with a shipbuilder for the construction of an offshore multi service / inspection, maintenance and repair vessel (the “Vessel”) for a price of approximately \$75 million. A subsidiary of the Company and a third party each hold a 50% interest in MT6015 and have equal representation on its board of directors. In connection with the initial capitalization of MT6015, another subsidiary of the Company provided the third party partner with a \$3,725 loan which was utilized by the third party partner to fund its equity contribution to MT6015. In addition, the agreement provides the Company with disproportionate voting rights, in certain situations, as defined in the agreement.

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Accordingly, the Company determined that MT6015 is a VIE and that it was the primary beneficiary; accordingly, MT6015 has been presented on a consolidated basis in the accompanying financial statements.

At December 31, 2015 and December 31, 2014, MT6015 had total assets of \$7,533 and \$7,450, respectively, which are available only to settle the obligations of MT6015. Other than entering into the above commitment, MT6015 has conducted no operations, and no creditors of MT6015 have recourse to any assets or to the general credit of the Company.

Reclassifications—Certain prior period amounts have been reclassified to conform to current period presentation.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties—In the normal course of business, the Company encounters several significant types of economic risk including credit, market, and capital market risks. Credit risk is the risk of the inability or unwillingness of a lessee, customer, or derivative counterparty to make contractually required payments or to fulfill its other contractual obligations. Market risk reflects the risk of a downturn or volatility in the underlying industry segments in which the Company operates which could adversely impact the pricing of the services offered by the Company or a lessee's or customer's ability to make payments, increase the risk of unscheduled lease terminations and depress lease rates and the value of the Company's leasing equipment or operating assets. Capital market risk is the risk that the Company is unable to obtain capital at reasonable rates to fund the growth of its business or to refinance existing debt facilities. The Company, through its subsidiaries, also conducts operations outside of the United States; such international operations are subject to the same risks as those associated with its United States operations as well as additional risks, including unexpected changes in regulatory requirements, heightened risk of political and economic instability, potentially adverse tax consequences and the burden of complying with foreign laws. The Company does not have significant exposure to foreign currency risk as all of its leasing arrangements, terminal services revenue and the majority of freight rail revenue are denominated in U.S. dollars.

Cash and Cash Equivalents—The Company considers all highly liquid short-term investments with a maturity of 90 days or less when purchased to be cash equivalents.

Restricted Cash—Restricted cash of \$21,610 and \$21,084 at December 31, 2015 and December 31, 2014, respectively, consists of cash held in segregated accounts pursuant to the requirements of the Company's debt agreements (Note 9).

Property, Plant and Equipment, Leasing Equipment and Depreciation—Property, plant and equipment and leasing equipment are stated at cost (inclusive of capitalized acquisition costs, where applicable) and depreciated using the straight-line method, over estimated useful lives, to estimated residual values which are summarized as follows:

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	Range of Estimated Useful Lives	Residual Value Estimates
Passenger aircraft	25 years from date of manufacture	Not to exceed 15% of manufacturer's list price when new
Aircraft engines	2 - 6 years, based on maintenance adjusted service life	Sum of engine core salvage value plus the estimated fair value of life limited parts
Offshore energy vessels	25 years from date of manufacture	20% of new build cost
Railcars and locomotives	40 - 50 years from date of manufacture	Scrap value at end of useful life
Track and track related assets	15 - 50 years from date of manufacture	Scrap value at end of useful life
Buildings and site improvements	20 - 30 years	Scrap value at end of useful life
Railroad equipment	3 - 15 years from date of manufacture	Scrap value at end of useful life
Crude oil terminal machinery and equipment	15 - 25 years from date of manufacture	Scrap value at end of useful life
Vehicles	5 - 7 years from date of manufacture	Scrap value at end of useful life
Furniture and fixtures	3 - 6 years from date of purchase	None
Computer hardware and software	3 - 5 years from date of purchase	None

Major improvements and modifications incurred in connection with the acquisition of property, plant and equipment and leasing equipment that are required to get the asset ready for initial service are capitalized and depreciated over the remaining life of the asset. Costs of major additions and betterments are capitalized and depreciation commences once it is placed into service. Interest costs directly related to and incurred during the construction period of property, plant and equipment are capitalized. Significant spare parts are depreciated in conjunction with the underlying property, plant and equipment asset when placed in service.

The Company reviews its depreciation policies on a regular basis to determine whether changes have taken place that would suggest that a change in its depreciation policies, useful lives of its equipment or the assigned residual values is warranted.

For planned major maintenance or component overhaul activities for aviation equipment off lease, the cost of such major maintenance or component overhaul event is capitalized and depreciated on a straight-line basis over the period until the next maintenance or component overhaul event is required.

The Company's offshore energy vessels are required to be drydocked periodically for recertifications or major repairs and maintenance that cannot be performed while the vessels are operating. Normal repairs and maintenance are expensed as incurred. The Company capitalizes the costs associated with the drydockings and amortizes them on a straight-line basis over the period between drydockings, usually between 30 and 60 months.

In accounting for leasing equipment, the Company makes estimates about the expected useful lives, residual values and the fair value of acquired in-place leases and acquired maintenance liabilities (for aviation equipment). In making these estimates, the Company relies upon observable market data for the same or similar types of equipment and, in the case of aviation equipment, its own estimates with respect to a lessee's anticipated utilization of the aircraft or engine. When the Company acquires leasing equipment subject to an in-place lease, determining the fair value of the in-place lease requires the Company to make assumptions regarding the current fair values of leases for identical or similar equipment, in order to determine if the in-place lease is within a fair value range of current lease rates. If a lease is below or above the range of current lease rates, the resulting lease discount or premium is recognized as a lease intangible and amortized into lease income over the remaining term of the lease.

Capitalized Interest—The interest cost associated with major development and construction projects is capitalized and included in the cost of the project. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. The Company capitalized interest of \$2,128, \$3,534

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and \$0 during the years ending December 31, 2015, December 31, 2014 and December 31, 2013, respectively.

Repairs and Maintenance—Repair and maintenance costs that do not extend the lives of the assets are expensed as incurred. For the years ending December 31, 2015, December 31, 2014 and December 31, 2013, \$3,643, \$235 and \$712, of repairs and maintenance expense, respectively, were recorded in operating expenses in the accompanying Consolidated Statements of Operations.

Impairment of Long-Lived Assets—The Company performs a recoverability assessment of each of its long-lived assets whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a significant lease restructuring or early lease termination; significant traffic decline; or the introduction of newer technology aircraft, vessels, engines or railcars. When performing a recoverability assessment, the Company measures whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its net book value. The undiscounted cash flows consist of cash flows from currently contracted leases and terminal services contracts, future projected leases, terminal service and freight rail rates, transition costs, estimated down time and estimated residual or scrap values. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge.

Management develops the assumptions used in the recoverability analysis based on its knowledge of active contracts, current and future expectations of the global demand for a particular asset and historical experience in the leasing markets, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in contracted lease rates, terminal service, and freight rail rates, residual values, economic conditions, technology, demand for a particular asset type and other factors.

Security Deposits—The Company's operating leases generally require the lessee to pay a security deposit or provide a letter of credit. Security deposits are held until specified return dates stipulated in the lease or lease expiration.

Maintenance Payments—Typically, under an operating lease of aviation equipment, the lessee is responsible for performing all maintenance and is generally required to make maintenance payments to the Company for heavy maintenance, overhaul or replacement of certain high-value components of the aircraft or engine. These maintenance payments are based on hours or cycles of utilization or on calendar time, depending on the component, and are generally required to be made monthly in arrears. If a lessee is making monthly maintenance payments, the Company would typically be obligated to reimburse the lessee for costs they incur for heavy maintenance, overhaul or replacement of certain high-value components to the extent of maintenance payments received in respect of the specific maintenance event, usually shortly following the completion of the relevant work.

The Company records the portion of maintenance payments paid by the lessee that are expected to be reimbursed as maintenance deposit liabilities on the Consolidated Balance Sheet. Reimbursements made to the lessee upon the receipt of evidence of qualifying maintenance work are recorded against the maintenance deposit liability.

In certain leases, the lessee or the Company may be obligated to make a payment to the other party at lease termination based on redelivery conditions stipulated at the inception of the lease. The Company recognizes payments received as end-of-lease compensation adjustments, within lease revenue, when payment is received or collectability is assured. In the event the Company is required to make payments at the end of the lease for redelivery conditions, amounts are accrued as additional maintenance liability when the Company is obligated and can reasonably estimate such payment.

Lease Incentives and Amortization—Lease incentives, which include lease acquisition costs related to reconfiguration of the aircraft cabin, other lessee specific modifications and other direct costs, are capitalized and amortized as a reduction of lease income over the primary term of the lease, assuming no lease renewals.

Goodwill—Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisitions of CMQR and Jefferson Terminal (Note 3). The carrying amount of goodwill is approximately \$116,584 as of December 31, 2015 and December 31, 2014.

The Company reviews the carrying values of goodwill at least annually to assess impairment since these assets are not amortized. An annual impairment review is conducted as of October 1st of each year. Additionally, the Company reviews the carrying value of goodwill whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The determination of fair value involves significant management judgment.

For an annual goodwill impairment assessment, an optional qualitative analysis may be performed. If the option is not elected or if it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a two-step goodwill impairment test is performed to identify potential goodwill impairment and measure an impairment loss. A qualitative analysis was not elected for the years ended December 31, 2015 or December 31, 2014.

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The first step of an impairment assessment compares the fair value of a respective reporting unit with its carrying amount, including goodwill. The estimate of fair value of the respective reporting unit is based on the best information available as of the date of assessment, which primarily incorporates certain factors including the Company's assumptions about operating results, business plans, income projections, anticipated future cash flows and market data. If the estimated fair value of the reporting unit is less than the carrying amount, a second step must be completed in order to determine the amount of goodwill impairment that should be recorded, if any.

For the purpose of performing the annual analysis, the Company's two reporting units subject to the test are the Jefferson Terminal and Railroad reporting units. The Company estimates the fair value of the reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires the Company to make significant assumptions and estimates about the extent and timing of future cash flows, discount rates and growth rates. The estimates and assumptions used consider historical performance and are consistent with the assumptions used in determining future profit plans for the reporting units. The Company also utilizes market valuation models and other financial ratios, which require the Company to make certain assumptions and estimates regarding the applicability of those models to its assets and businesses.

Although the Company believes the estimates of fair value are reasonable, the determination of certain valuation inputs is subject to management's judgment. Changes in these inputs could materially affect the results of the impairment review. If the forecasts of cash flows generated by the Jefferson Terminal and Railroad reporting units or other key inputs are negatively revised in the future, the estimated fair value of the Jefferson Terminal and Railroad reporting units would be adversely impacted, potentially leading to an impairment in the future that could materially affect the Company's operating results. The Company performed a sensitivity analysis for goodwill impairment and determined that a hypothetical 5% decline in the fair value of each reporting unit as of October 1, 2015 would not result in an impairment of goodwill for either reporting unit.

For the years ended December 31, 2015 and December 31, 2014, there was no impairment of goodwill.

Tendered bonds—A subsidiary of the Company borrowed the proceeds of \$300,000 of tax-exempt industrial bonds issued by the Jefferson County (Texas) Industrial Development Corporation, which provided tax-exempt financing for businesses, to be used for specific purposes to stimulate the economy of the respective beneficiary counties ("Series 2010 Bonds"). The proceeds were initially held in trust, as restricted cash, to ensure adherence to the restrictions of use of the funds. In accordance with the terms of the trust indenture and security agreements, these bonds could be tendered by bondholders and purchased by the Company using the unused restricted cash proceeds. The bonds purchased by the Company were deemed to be owned by the Company, and, as of December 31, 2014 were classified as assets, tendered bonds, in the Consolidated Balance Sheet with an equal corresponding amount as Debt. Tendered bonds did not convey principal or interest payments while held by the Company.

During the year ended December 31, 2015, the Jefferson County Industrial Development Corporation, the Company, and Amegy Bank as the related trustee, agreed to cancel the Series 2010 Bonds. Accordingly, the Series 2010 Bonds are no longer reported within Tendered Bonds or Debt in the Consolidated Balance Sheet as of December 31, 2015.

Intangibles and amortization—Intangibles include the value of acquired favorable and unfavorable leases and existing customer relationships acquired in connection with the acquisitions of CMQR and Jefferson Terminal (Note 3).

In accounting for leasing equipment acquired with in-place leases, the Company makes estimates about the fair value of the acquired in-place leases. In determining the fair value of the in-place lease, the Company makes assumptions regarding the current fair values of leases for identical or similar equipment in order to determine if the in-place lease is within a fair value range of current lease rates. If a lease is below or above the range of current lease rates, the resulting lease discount or premium is recognized as a lease intangible and amortized into rental income over the remaining term of the lease. Acquired lease intangibles are amortized on a straight-line basis over the remaining lease terms, which ranged from 6 to 52 months as of December 31, 2015, and recorded as a component of equipment leasing revenues in the accompanying Consolidated Statements of Operations.

Customer relationship intangible assets are amortized on a straight-line basis over their useful lives as the pattern in which the asset's economic benefits are consumed cannot reliably be determined. Customer relationship intangible assets have useful lives ranging from 5-10 years, no estimated residual value, and amortization is recorded as a component of depreciation and amortization in the accompanying Consolidated Statements of Operations. One customer relationship intangible asset, related to a customer contract at Jefferson Terminal, expires on July 31, 2017 and has 2 one-year renewal options.

Deferred Financing Costs—Costs incurred in connection with obtaining long term financing are capitalized and amortized

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to interest expense over the term of the underlying loans. Unamortized deferred financing costs of \$4,836 and \$4,919 as of December 31, 2015 and 2014, respectively, are recorded as a component of other assets in the accompanying Consolidated Balance Sheets. Amortization expense of \$1,469, \$576 and \$125 for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, respectively, are included as a component of interest expense in the accompanying Consolidated Statements of Operations.

Revenue Recognition**Equipment Leasing Revenues**

Operating Leases—The Company leases equipment pursuant to net operating leases. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the lease, assuming no renewals. Revenue is not recognized when collection is not reasonably assured. When collectability is not reasonably assured, the customer is placed on non-accrual status and revenue is recognized when cash payments are received.

The Company also recognizes maintenance revenue related to the portion of maintenance payments received from lessees of aviation equipment that are not expected to be reimbursed in connection with major maintenance events.

Finance Leases—The Company holds two portfolios of shipping containers and an anchor handling tug supply vessel, subject to finance leases, as of December 31, 2015 and December 31, 2014. These leases generally include a lessee obligation to purchase the leased equipment at the end of the lease term, a bargain purchase option, or provide for minimum lease payments with a present value of 90% or more of the fair value of the leased equipment at the date of lease inception. Net investment in finance leases represents the minimum lease payments due from lessees, net of unearned income. The lease payments are segregated into principal and interest components similar to a loan. Unearned income is recognized on an effective interest method over the lease term and is recorded as finance lease income. The principal component of the lease payment is reflected as a reduction to the net investment in finance leases.

Infrastructure Revenues

Freight Rail Revenues—Freight revenues are recognized proportionally as freight moves from origin to destination. Other miscellaneous revenues, such as unloading and switching revenue, are recognized as the service is performed or contractual obligations are met.

Terminal Services Revenues—Terminal services revenues are recognized when services have been provided to the customer, the product has been delivered, the price is considered to be fixed or determinable and collectability is reasonably assured. Prepayments for services are deferred until the period in which the above criteria are met. Terminal services fees include services provided to third-party customers related to receipt and redelivery of crude oil products.

Concentration of Credit Risk—The Company is subject to concentrations of credit risk with respect to amounts due from customers on its finance leases and operating leases. The Company attempts to limit its credit risk by performing ongoing credit evaluations. During the year ended December 31, 2015, the Company earned approximately 21.0% of its revenue from one customer in the offshore energy segment and one customer in the Jefferson Terminal segment. During the year ended December 31, 2014, the Company earned approximately 39.0% of its revenue from three customers in the following segments: one in aviation leasing, one in shipping containers, and one in offshore energy. During the year ended December 31, 2013, the Company earned approximately 70% of its revenue from three customers in the following segments: one in aviation leasing, one in shipping containers, and one in offshore energy.

As of December 31, 2015, accounts receivable from two customers in the offshore segment each represented 27.1% and 25.4% of total accounts receivable, net. As of December 31, 2014, the Company had accounts receivable from one customer in the offshore segment that represented 11.7% of total accounts receivable, net.

The Company maintains cash and restricted cash balances, which generally exceed federally insured limits, and subject the Company to credit risk, in high credit quality financial institutions. The Company monitors the financial condition of these institutions and has not experienced any losses associated with these accounts.

Provision for Doubtful Accounts—The Company determines the provision for doubtful accounts based on its assessment of the collectability of its receivables on a customer-by-customer basis. The provision for doubtful accounts at December 31, 2015 and December 31, 2014 was \$392 and \$111, respectively. Bad debt expense for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 was \$676, \$281 and \$0, respectively.

Expense Recognition—Expenses are recognized on an accrual basis as incurred.

Acquisition and Transaction expenses—Acquisition and transaction expense is comprised of costs related to completed business combinations and terminated deal costs related to abandoned pursuits, including advisory, legal, accounting,

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valuation and other professional or consulting fees.

Comprehensive Income (Loss)—Comprehensive income (loss) is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances, excluding those resulting from investments by and distributions to owners. The Company's comprehensive income (loss) represents net income (loss), as presented in the accompanying Consolidated Statements of Operations, adjusted for fair value changes related to derivatives accounted for as cash flow hedges and the Company's pro-rata share of items of comprehensive income derived from investments in unconsolidated entities.

The Company had reclassification adjustments of \$131, \$171 and \$98 which impacted accumulated other comprehensive income during the years ended December 31, 2015, 2014, and 2013, respectively.

Derivative Financial Instruments—In the normal course of business the Company may utilize interest rate derivatives to manage its exposure to interest rate risks, principally related to the hedging of variable rate interest payments on various debt facilities. If certain conditions are met, an interest rate derivative may be specifically designated as a cash flow hedge. In connection with its debt obligations (Note 9), the Company has entered into one interest rate derivative designated as a cash flow hedge and one non-hedge derivative. The Company does not enter into speculative derivative transactions. Derivative assets of \$101 and \$232, as of December 31, 2015 and December 31, 2014, respectively, were recorded within other assets in the Consolidated Balance Sheets. No derivative liability was recorded as of December 31, 2015 or December 31, 2014.

On the date that the Company enters into an interest rate derivative, its designation as a cash flow hedge is formally documented. On an ongoing basis, an assessment is made as to whether the interest rate derivative has been highly effective in offsetting changes in the cash flows of the variable rate interest payments on the associated debt and whether the interest rate derivative is expected to remain highly effective in future periods. If it were to be determined that the interest rate derivative is not (or has ceased to be) highly effective as a cash flow hedge, the use of hedge accounting would be discontinued prospectively.

All interest rate derivatives are recognized on the balance sheet at their fair value. For interest rate derivatives designated as cash flow hedges, the effective portion of the interest rate derivative's gain or loss is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the interest payments on the debt are recorded in earnings. The ineffective portion of the interest rate derivative, if any, is calculated and recorded in interest expense. Changes in fair value of non-hedge derivatives are recorded in earnings on a current basis. The estimated net amount of existing losses reported in accumulated other comprehensive income at December 31, 2015 expected to be reclassified into earnings within the next 12 months is approximately \$5.

In the event of a termination of an interest rate derivative prior to its contractual maturity, any related net gains or losses in accumulated other comprehensive income at the date of termination would be reclassified into earnings, unless it remains probable that interest payments on the debt will continue to occur, in which case the amount in accumulated other comprehensive income would be reclassified into earnings as the interest payments on the debt affect earnings.

Foreign Currency—The Company's functional and reporting currency is the U.S. dollar. Purchases and sales of assets and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. Net realized foreign currency gains or losses relating to the differences between these recorded amounts and the U.S. dollar equivalent actually received or paid are reported as a component of operating expenses within the Consolidated Statement of Operations.

Income Taxes—A portion of the Company's income earned by its corporate subsidiaries is subject to U.S. federal and state income taxation, taxed at prevailing rates. The remainder of the Company's income is allocated directly to its partners and is not subject to a corporate level of taxation. Certain subsidiaries of the Company are subject to income tax in the foreign countries in which they conduct business.

The Company accounts for these taxes using the asset and liability method under which deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is established when management believes it is more likely than not that a deferred tax asset will not be realized.

The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions and in certain foreign jurisdictions. The income tax returns filed by the Company and its subsidiaries are subject to examination by the U.S. federal, state and foreign tax authorities. The Company recognizes tax benefits for uncertain tax positions only if it is more likely than not that the position is sustainable based on its technical merits. Interest and penalties on uncertain tax positions are included as a component of the provision for income taxes in the Consolidated Statements of Operations.

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Distributions and Dividends—Prior to the IPO, distributions to members were recorded when paid or, in the case of an in-kind distribution, when distributed. The character of distributions to members made during the reporting period may differ from their ultimate characterization for federal income tax purposes due to book/tax differences in the character of income and expense recognition. Distributions and allocations were determined with respect to each member, as defined by and in accordance with the operating agreement. After the IPO, dividends are recorded when declared by the Board of Directors. In the third and fourth quarters of the year ended December 31, 2015, the Board of Directors declared cash dividends of \$0.15 and \$0.33 per share, respectively.

Recent Accounting Pronouncements— In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*, ("ASU 2014-08") which changes the criteria for determining which disposals can be presented as discontinued operations and modifies related disclosure requirements. Under the new guidance, a discontinued operation is defined as a disposal of a component or group of components that is disposed of or is classified as held for sale and represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The standard states that a strategic shift could include a disposal of (i) major geographical area of operations, (ii) a major line of business, (iii) a major equity method investment, or (iv) other major parts of an entity. ASU 2014-08 is effective prospectively for new disposals (or classifications as held for sale) that occur within annual periods beginning on or after December 14, 2014, and interim periods within those annual periods. The Company adopted ASU 2014-08 beginning January 1, 2015, which had no impact to the Company's consolidated financial statements.

Unadopted Accounting Pronouncements—The FASB has recently issued or discussed a number of proposed standards on such topics as financial instruments and hedging. Some of the proposed changes are significant and could have a material impact on the Company's financial reporting. The Company has not yet fully evaluated the potential impact of these proposals, but will make such an evaluation as the standards are finalized.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU-2014-09") which provides a single comprehensive model for recognizing revenue from contracts with customers and supersedes existing revenue recognition guidance. The new standard requires that a company recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Companies will need to use more judgment and estimates than under the guidance currently in effect, including estimating the amount of variable revenue to recognize over each identified performance obligation. Additional disclosures will be required to help users of financial statements understand the nature, amount and timing of revenue and cash flows arising from contracts. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of ASU 2014-09 by one year, making it effective for annual reporting periods beginning after December 15, 2017 while also providing for early adoption but not before the original effective date. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 amends the consolidation guidance for VIEs and general partners' investments in limited partnerships and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for reporting periods beginning after December 15, 2015 and interim periods within those fiscal years with early adoption permitted. ASU 2015-03 should be applied on a retrospective basis, wherein the balance sheet of each period presented should be adjusted to reflect the effects of adoption. The Company will adopt ASU 2015-03 as of January 1, 2016 and does not expect the adoption of this guidance to have a material impact on its consolidated financial statements. Upon adoption, the Company will revise its balance sheet to present debt issuance costs as a direct deduction from Debt rather than within Other Assets. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In August 2015, the FASB issued ASU No. 2015-15, *Interest - Imputation of Interest (Subtopic 835-30)* ("ASU 2015-15"). ASU 2015-15 provides further guidance related to the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 allows companies to defer and present debt issuance costs as an

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asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings of the line-of-credit arrangement. The guidance is effective for reporting periods beginning after December 15, 2015 and interim periods within those fiscal years with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations- Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). ASU 2015-16 requires an acquirer in a business combination to recognize adjustments to the initial purchase accounting that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this update require that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. ASU No. 2015-16 is effective for annual and interim reporting periods beginning after December 15, 2015. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 requires (i) equity investments, except those accounted for under the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net income, (ii) public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and (iii) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset. ASU 2016-01 also eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective beginning in the first quarter of 2019, with early adoption permitted. ASU 2016-02 requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

3. ACQUISITIONS

CMQR

The Company, through its subsidiaries, acquired certain assets and assumed certain liabilities of Montreal, Maine and Atlantic Railway Ltd. ("MM&A-U.S.") and Montreal, Maine and Atlantic Canada Co ("MM&A-Canada") for an aggregate purchase price of approximately \$15.2 million, including assumed liabilities of approximately \$3.2 million. The acquisitions were accounted for as business combinations pursuant to ASC 805, *Business Combinations* ("ASC 805") and the results of operations of the acquired businesses of MM&A-U.S. and MM&A-Canada have been included in the consolidated financial statements of the Company since their respective dates of acquisition. The closing of MM&A-U.S. and MM&A-Canada occurred on May 15, 2014 and June 30, 2014, respectively. Subsequent to the acquisitions, the acquired businesses were renamed as CMQR. CMQR is headquartered in Maine and owns and operates approximately 500 miles of track in the US and Canada. CMQR is reported within the Railroad segment. The Company viewed the acquisitions of MM&A-U.S. and MM&A-Canada as an opportunity to gain entry into the railroad industry.

Subsequent to the acquisition, in the year ended December 31, 2014, measurement period adjustments as of the acquisition date were made to the valuation of fixed assets acquired and employee and environmental liabilities assumed consisting of an increase to fixed assets of \$679, an increase to assumed employee liabilities of \$232, an increase to assumed environmental liabilities of \$680, and additional goodwill recorded of \$233. The measurement period adjustments impacted depreciation expense by \$30 in the year ended December 31, 2014. There were no additional measurement period adjustments during the year ended December 31, 2015.

The property, plant and equipment acquired in connection with CMQR is being depreciated based on estimated remaining

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useful lives from the date of acquisition, which are 4 years for buildings, 2-5 years for track and track related assets, 4-6 years for railroad equipment, 2 years for vehicles and 5 years for freight cars and locomotives, as all of the acquired assets were near the end of their useful lives at the time of acquisition.

In connection with the purchase, the Company incurred general and administrative expenses and employee severance expenses of approximately \$392, included within Operating Expenses, in the Consolidated Statement of Operations for the year ended December 31, 2014. The goodwill recognized is comprised primarily of an assembled workforce and is deductible for tax purposes.

JEFFERSON TERMINAL

The Company, through its subsidiaries, acquired certain assets and assumed certain liabilities of Jefferson Refinery, LLC, Port of Beaumont Petroleum Transload Terminal I, LLC, and Port of Beaumont Petroleum Transload Terminal II, LLC (collectively "Jefferson Terminal"). Jefferson Terminal is comprised of complementary energy logistics assets and is headquartered in The Woodlands, Texas. Its principal operations are to engage in the business of terminalling, storage, throughput and transloading of crude oil and petroleum products. Prior to the acquisition, a subsidiary of the Company had several term loan agreements with Jefferson Refinery, LLC ("Pre-Existing Debt Relationships") of \$97.6 million. The acquisition of Jefferson Terminal was consummated on August 27, 2014. The Company viewed the acquisition of Jefferson Terminal as an opportunity to gain entry into this industry.

Jefferson Terminal was purchased for an aggregate purchase price of approximately \$608.3 million, including assumed liabilities of \$522.5 million (of which \$97.6 million relates to Pre-Existing Debt Relationships) and equity consideration of \$38.2 million. The Company purchased a 60% interest in Jefferson Terminal with the remaining 40% interest in Jefferson Terminal owned by a portion of the retaining shareholders and a private equity fund sponsored by Fortress, each holding an interest of approximately 20% at the acquisition date and accounted for as non-controlling interests in the accompanying consolidated financial statements. In connection with the acquisition, a \$100 million loan was also obtained (Note 9).

The acquisition was accounted for as a business combination under ASC 805 and the results of operations of the acquired business of Jefferson Terminal have been included in the consolidated financial statements since the date of acquisition. The goodwill recognized is attributable to strategic opportunities and expected future cash flows of the business and approximately \$45 million of goodwill is expected to be deductible by a subsidiary of the Company for tax purposes. Property, plant and equipment acquired in connection with Jefferson Terminal is being depreciated based on estimated remaining useful lives from the date of acquisition.

Subsequent to the acquisition, in the year ended December 31, 2015, measurement period adjustments as of the acquisition date were made to decrease construction in progress within property, plant, and equipment, net by \$947, increase intangible assets, net by \$128, increase goodwill by \$1,358, increase accounts payable and accrued liabilities assumed by \$390 and increase other liabilities assumed by \$149.

The fair values assigned to acquired assets and assumed liabilities of CMQR and Jefferson Terminal at their respective dates of acquisition are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

	CMQR	Jefferson Terminal
Assets:		
Restricted cash	—	190,811
Land and site improvements	5,484	9,573
Track	4,952	—
Buildings and improvements	136	2,139
Crude oil terminal machinery and equipment	—	47,286
Railroad Equipment	713	—
Furniture and fixtures	—	317
Computer hardware and software	—	34
Turnout and other track materials	1,415	—
Vehicles	320	258
Railcars and locomotives	1,283	—
Construction in progress	—	85,276
Prepays and other deposits	103	6,102
Tendered bonds	—	115,000
Customer lists and customer contracts	225	35,513
Goodwill	593	115,991
Total assets	15,224	608,300
Liabilities:		
Employee-related liabilities	(1,119)	—
Environmental remediation liabilities	(1,333)	—
Real estate taxes	(714)	—
Accrued expenses	—	(56,540)
Term loan	—	(93,995)
Bonds Payable	—	(348,788)
Note Payable	—	(21,297)
Other liabilities	—	(1,902)
Total liabilities	(3,166)	(522,522)
Net assets acquired	\$ 12,058	\$ 85,778

As of December 31, 2014, goodwill additions of \$593 and \$115,991 were attributed to the Railroad and Jefferson Terminal reportable segments, respectively.

The fair values assigned to intangible assets were determined through the use of the replacement cost method and the income approach, specifically the multi-period excess earnings method. Both valuation methods rely on management's judgments, including the cost to recreate the customer relationships, expected future cash flows resulting from existing customer relationships, customer attrition rates, contributory effects of other assets utilized in the business, and peer group cost of capital as well as other factors. The valuation of tangible assets was derived using a combination of the income approach, the market approach and the cost approach. Significant judgments used in valuing tangible assets include estimated reproduction or replacement cost, useful lives of assets and estimated selling prices. The valuation of assumed liabilities, including bonds payable, was derived using the market approach, using quoted values as available and the income approach, comparing the stated interest rate on certain credit agreements to the market interest rate. The valuation of equity interests conveyed to retaining shareholders was derived using the market approach, as agreed between the parties, representing the cash that would have been offered on an arm's length basis, on the acquisition date.

Supplementary Pro Forma Information—The unaudited pro forma information has been derived from our historical consolidated financial statements and has been prepared to give effect to the acquisitions, assuming that the acquisitions of CMQR and Jefferson Terminal occurred on January 1, 2013. The unaudited pro forma pre-tax net income (loss) for the years ended December 31, 2014 and 2013 has been adjusted to reflect the additional depreciation and amortization that would have resulted from changes in the estimated fair value of assets and liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

	Year Ended December 31, 2014	Year Ended December 31, 2013
Pro Forma—CMQR		
Revenues	\$ 63,528	\$ 46,100
Pre-tax net income (loss)	1,497	(20,830)
Pro Forma—Jefferson Terminal		
Revenues	\$ 60,577	\$ 19,530
Pre-tax net loss	(46,906)	(1,543)

Pro forma results do not include any anticipated synergies or other anticipated benefits of the acquisition. Accordingly, the unaudited pro forma financial information is not necessarily indicative of either future results of operations or results that might have been achieved had the acquisition occurred on January 1, 2013.

During the year ended December 31, 2014, for CMQR and Jefferson Terminal, the Company recognized \$9,969 and \$2,652, respectively, in revenues and \$11,957 and \$15,768, respectively, of loss before income taxes, which includes acquisition and transaction related expenses of \$5,646 and \$5,494, respectively, included within acquisition and transaction expenses in the Consolidated Statement of Operations.

4. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

Equipment	December 31, 2015			
	Aviation Leasing	Offshore Energy	Jefferson Terminal	Total
Leasing equipment:	\$ 452,602	\$ 184,284	\$ 44,326	\$ 681,212
Less: Accumulated depreciation	(33,281)	(9,704)	(1,546)	(44,531)
Leasing equipment, net	\$ 419,321	\$ 174,580	\$ 42,780	\$ 636,681

Equipment	December 31, 2014			
	Aviation Leasing	Offshore Energy	Jefferson Terminal	Total
Leasing equipment:	\$ 298,204	\$ 182,355	\$ 44,326	\$ 524,885
Less: Accumulated depreciation	(11,331)	(3,737)	(438)	(15,506)
Leasing equipment, net	\$ 286,873	\$ 178,618	\$ 43,888	\$ 509,379

During the year ended December 31, 2015, the Company acquired twenty-four commercial jet engines and five aircraft, and sold nine commercial jet engines. During the year ended December 31, 2014, the Company acquired fourteen aircraft, nine aircraft engines, three hundred tank railcars, and sold five commercial jet engines and two aircraft. Depreciation expense for leasing equipment for the years ended December 31, 2015, 2014, and 2013 was \$30,624, \$12,683 and \$3,909, respectively.

5. FINANCE LEASES, NET

Finance leases, net are summarized as follows:

	December 31, 2015		
	Offshore Energy	Shipping Containers	Total
Finance leases	\$ 20,037	\$ 82,332	\$ 102,369
Unearned revenue	(9,915)	(9,933)	(19,848)
Finance leases, net	\$ 10,122	\$ 72,399	\$ 82,521

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

	December 31, 2014		
	Offshore Energy	Shipping Containers	Total
Finance leases	\$ 22,045	\$ 109,492	\$ 131,537
Unearned revenue	(11,580)	(17,144)	(28,724)
Finance leases, net	<u>\$ 10,465</u>	<u>\$ 92,348</u>	<u>\$ 102,813</u>

At December 31, 2015, future minimum lease payments to be received under finance leases for the remainder of the lease terms are as follows:

	Offshore Energy	Shipping Containers	Total
2016	\$ 2,013	\$ 25,680	\$ 27,693
2017	2,008	51,308	53,316
2018	2,008	5,344	7,352
2019	2,008	—	2,008
2020	2,013	—	2,013
Thereafter	9,987	—	9,987
Total	<u>\$ 20,037</u>	<u>\$ 82,332</u>	<u>\$ 102,369</u>

On March 9, 2016, the Company consummated the sale of approximately 39,000 shipping containers that were subject to a direct finance lease. See Note 19, Subsequent Events.

6. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is summarized as follows:

	December 31, 2015		
	Railroad	Jefferson Terminal	Total
Land and site improvements	\$ 5,478	\$ 14,014	\$ 19,492
Construction in progress	893	55,034	55,927
Buildings and improvements	557	2,193	2,750
Crude oil terminal machinery and equipment	—	210,857	210,857
Track and track related assets	17,159	—	17,159
Railroad equipment	1,050	—	1,050
Railcars and locomotives	1,720	—	1,720
Computer hardware and software	118	34	152
Furniture and fixtures	121	289	410
Vehicles	503	44	547
	<u>27,599</u>	<u>282,465</u>	<u>310,064</u>
Less: accumulated depreciation	(2,907)	(10,308)	(13,215)
Spare parts	\$ —	\$ 2,829	\$ 2,829
Property, plant and equipment, net	<u>\$ 24,692</u>	<u>\$ 274,986</u>	<u>\$ 299,678</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

	December 31, 2014		
	Railroad	Jefferson Terminal	Total
Land and site improvements	\$ 5,484	\$ 9,573	\$ 15,057
Construction in progress	—	145,716	145,716
Buildings and improvements	436	2,139	2,575
Crude oil terminal machinery and equipment	—	50,627	50,627
Track and track related assets	12,022	—	12,022
Railroad equipment	1,268	—	1,268
Railcars and locomotives	1,293	—	1,293
Computer hardware and software	—	34	34
Furniture and fixtures	—	317	317
Vehicles	321	258	579
	<u>20,824</u>	<u>208,664</u>	<u>229,488</u>
Less: accumulated depreciation	(962)	(1,145)	(2,107)
Property, plant and equipment, net	<u>\$ 19,862</u>	<u>\$ 207,519</u>	<u>\$ 227,381</u>

During year ended December 31, 2015, additional property, plant and equipment of \$84,298 was acquired, and is mainly related to land and improvements, track and track related assets, and crude oil terminal machinery and equipment. During the year ended December 31, 2015, disposals of property, plant and equipment totaled \$893, mainly related to railroad equipment, vehicles, and furniture and fixtures. Property, plant and equipment acquired during the year ended December 31, 2014 was \$14,303 and \$144,883 in connection with the acquisitions of CMQR and Jefferson Terminal (Note 3), respectively. During the year ending December 31, 2014, additional property, plant and equipment of \$70,302 was acquired, mainly related to construction in progress and track and track related assets.

Depreciation expense for property, plant and equipment was \$11,099, \$2,107 and \$0 for the years ended December 31, 2015, 2014, and 2013, respectively.

7. INVESTMENT IN UNCONSOLIDATED ENTITY

The following table presents the ownership interest and carrying values of the Company's investment in unconsolidated entity:

	Date Acquired	Ownership Percentage	Carrying Value		
			December 31, 2015	December 31, 2014	December 31, 2013
PJW 3000 LLC	April 2012	16.67%	\$ —	\$ —	\$ —
Intermodal Finance I, Ltd.	September 2012	51%	\$ 10,675	\$ 21,569	\$ 32,744

PJW 3000 LLC

On April 26, 2012, the Company acquired a non-controlling 16.67% interest in PJW 3000 LLC from a third party for a total purchase price, including acquisition costs, of approximately \$19,635. The Company exercised significant influence over PJW 3000 LLC through its representation on the entity's board of managers. PJW 3000 LLC owned an offshore derrick pipe laying barge which was subject to a long-term net lease. At the time of acquisition, the price paid by the Company exceeded its proportionate share of the net equity of PJW 3000 LLC by approximately \$3,000; this premium was amortized on a straight line basis over the 28.5 year estimated remaining useful life of the vessel. On November 26, 2013, the Company sold its interest in PJW 3000 LLC for a sales price of \$26,500 (consisting of \$22,000 in cash and a \$4,500 one-year note receivable supported by an unconditional bank guarantee) and recognized a gain of approximately \$6,144. The note receivable was settled on November 17, 2014.

For 2013, the Company has reflected summary statement of income data for PJW 3000 LLC through November 26, 2013, the date the Company sold its interest in PJW 3000 LLC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Intermodal Finance I, Ltd.

The Company owns a 51% non-controlling interest in Intermodal Finance I Ltd., a joint venture. Intermodal Finance I, Ltd owns a portfolio of multiple finance leases, representing 6 customers and comprising approximately 59,000 shipping containers as well as a portfolio of approximately 37,000 shipping containers subject to multiple operating leases to a single customer. During the year ended December 31, 2015, Intermodal Finance I, Ltd. recorded an asset impairment charge of \$20,604, which resulted from certain operating leases not being renewed and containers being returned at a faster pace than expected. Additionally, due to challenging market conditions for shipping containers, certain returned containers were sold at values lower than previously estimated. The Company's proportionate share of the impairment charge was \$10,508 based on its 51% ownership percentage.

Summary financial information for these unconsolidated entities is as follows:

	Year Ended December 31,		
	2015	2014	2013
Revenue			
Total revenues	\$ 16,022	\$ 20,331	\$ 56,480
Expenses			
Operating expenses	992	1,527	6,055
General and administrative	810	807	1,157
Depreciation and amortization	3,659	2,416	8,157
Interest expense	3,488	5,022	11,075
Impairment expense	20,604	—	—
Total expenses	29,553	9,772	26,444
Gain on early termination of finance lease	—	917	1,052
Other income	247	45	30
Loss on debt extinguishment	—	(119)	—
(Loss) gain on disposal of equipment	(766)	—	15
Total other income (expense)	(519)	843	1,097
Net income (loss)	(14,050)	11,402	31,133
Other comprehensive income	—	—	431
Comprehensive income (loss)	\$ (14,050)	\$ 11,402	\$ 31,564
Company's equity in (loss) earnings, net of amortization of \$95 in the year ended December 31, 2013	\$ (6,956)	\$ 6,093	\$ 10,325

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	December 31,	
	2015	2014
Assets		
Cash and cash equivalents	\$ 4,796	\$ 5,214
Restricted cash	2,117	2,320
Accounts receivable	1,153	1,051
Leasing assets, net of accumulated depreciation of \$7,305 and \$4,449, respectively	47,735	74,045
Finance leases, net	34,261	62,393
Deferred costs, net of accumulated amortization of \$864 and \$602, respectively	1,060	1,524
Other assets	31	8
Total assets	\$ 91,153	\$ 146,555
Liabilities		
Accounts payable and accrued liabilities	154	157
Syndication liabilities	3,201	5,152
Debt	84,051	120,303
Other liabilities	458	383
Total liabilities	87,864	125,995
Members' Equity		
Members' equity	3,289	20,560
Total members' equity	3,289	20,560
Total liabilities and members' equity	\$ 91,153	\$ 146,555
Company's investment in and advances to unconsolidated entity	\$ 10,675	\$ 21,569

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8. INTANGIBLE ASSETS AND LIABILITIES, NET

The Company's intangible assets and liabilities, net are summarized as follows:

	December 31, 2015			
	Aviation Leasing	Jefferson Terminal	Railroad	Total
Intangible assets:				
Acquired favorable lease intangibles	\$ 22,881	\$ —	\$ —	\$ 22,881
Accumulated amortization	(9,697)	—	—	(9,697)
Total acquired favorable lease intangibles, net	13,184	—	—	13,184
Customer relationships	—	35,513	225	35,738
Accumulated amortization	—	(4,718)	(75)	(4,793)
Total acquired customer relationships, net	—	30,795	150	30,945
Total intangible assets, net	\$ 13,184	\$ 30,795	\$ 150	\$ 44,129
Intangible liabilities:				
Acquired unfavorable lease intangibles	\$ 1,171	\$ —	\$ —	\$ 1,171
Accumulated amortization	(151)	—	—	(151)
Total acquired unfavorable lease intangibles, net	\$ 1,020	\$ —	\$ —	\$ 1,020
December 31, 2014				
	Aviation Leasing	Jefferson Terminal	Railroad	Total
Intangible assets:				
Acquired favorable lease intangibles	\$ 20,435	\$ —	\$ —	\$ 20,435
Accumulated amortization	(2,796)	—	—	(2,796)
Total acquired favorable lease intangibles, net	17,639	—	—	17,639
Customer relationships	—	35,513	225	35,738
Accumulated amortization	—	(1,180)	(28)	(1,208)
Total acquired customer relationships, net	—	34,333	197	34,530
Total intangible assets, net	\$ 17,639	\$ 34,333	\$ 197	\$ 52,169
Intangible liabilities:				
Acquired unfavorable lease intangibles	\$ 261	\$ —	\$ —	\$ 261
Accumulated amortization	(24)	—	—	(24)
Total acquired unfavorable lease intangibles, net	\$ 237	\$ —	\$ —	\$ 237

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Intangible liabilities relate to unfavorable lease intangibles and are included as a component of other liabilities in the accompanying Consolidated Balance Sheets. Amortization of intangible assets and liabilities is recorded in the Consolidated Statements of Operations as follows:

	Year Ended December 31,			Classification in Consolidated Statements of Operations
	2015	2014	2013	
Lease intangibles	\$ 6,774	\$ 2,694	\$ —	Equipment leasing revenues
Customer relationships	3,585	1,208	—	Depreciation and amortization
Total	\$ 10,359	\$ 3,902	\$ —	

As of December 31, 2015, estimated net annual amortization of intangibles is as follows:

	Year Ending December 31,
2016	\$ 9,273
2017	6,757
2018	5,941
2019	4,530
2020	3,580
Thereafter	13,028
Total	\$ 43,109

9. DEBT

The Company's debt is summarized as follows:

	December 31, 2015	December 31, 2014
Loans payable		
Container Loan #1	\$ 34,761	\$ 42,040
Container Loan #2	11,338	19,115
FTAI Pride Credit Agreement	67,188	73,438
CMQR Credit Agreement	9,407	9,416
Jefferson Terminal Credit Agreement	98,750	99,750
Total loans payable	221,444	243,759
Bonds payable		
Series 2010 Bonds	—	298,000
Series 2012 Bonds (including unamortized premium of \$1,751 and \$1,791 at December 31, 2015 and December 31, 2014, respectively)	47,261	48,521
Total bonds payable	47,261	346,521
Note payable to non-controlling interest		
Note payable to non-controlling interest	2,352	2,587
Total note payable to non-controlling interest	2,352	2,587
Total debt	\$ 271,057	\$ 592,867
Total debt due within one year	\$ 24,791	\$ 23,915

Loans Payable

Container Loan #1—On December 27, 2012, a subsidiary of the Company entered into a Credit Agreement (“Container

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Loan #1”) with a bank for an initial aggregate amount of approximately \$55,991 in connection with the acquisition of a portfolio of shipping containers subject to finance leases. Container Loan #1 requires monthly payments of interest and scheduled principal payments through its maturity on December 27, 2017 and can be prepaid without penalty after the third anniversary of the closing of the loan. Container Loan #1 is secured by the Company’s interest in the shipping containers and related finance leases. Borrowings under the loan bear interest at a rate selected by the Company of either (i) a LIBOR based rate plus a spread of 3.75% or (ii) a Base Rate equal to the higher of the Prime Rate or the Federal Funds Rate plus 1.50%, plus a spread of 3.75%. At December 31, 2015 and December 31, 2014 borrowings under the loan were LIBOR based borrowings bearing interest at a rate of 4.08% and 3.90%, respectively. The average interest rate for the years ended December 31, 2015, December 31, 2014, and December 31, 2013 was 4.38%, 4.00% and 4.34%, respectively, inclusive of the effect of an interest rate swap, described below.

In connection with Container Loan #1, the Company entered into an interest rate swap agreement (the “Swap”) on January 17, 2013 with respect to 70% of the outstanding balance of the Loan and designated as a cash flow hedge which fixed the LIBOR rate at 0.681%. Periodic settlement payments made in connection with the Swap are recorded as a component of interest expense in the accompanying Consolidated Statement of Operations. The initial notional amount of the Swap was approximately \$39,194, with scheduled monthly decreases through the maturity date of the Container Loan #1. The fair value of the Swap at December 31, 2015 and December 31, 2014 was \$97 and \$214, respectively.

Pursuant to the Container Loan #1 agreement, amounts realized by the Company in connection with the finance lease are remitted directly into a trust account as restricted cash for disbursement according to specified payment priorities. Any amounts remaining in the trust account after payment of required obligations are released to the Company. Container Loan #1 contains negative covenants which limit certain actions of the borrowers. Upon the occurrence and during the continuance of an event of default under Container Loan #1, principal, interest and any fees or other amounts owed under Container Loan #1 bear interest at a rate that is 2% per annum in excess of the interest rate otherwise payable with respect to such amounts. As of December 31, 2015, the Company was in compliance with all of the covenants under this agreement.

Container Loan #2—On August 15, 2013, a subsidiary of the Company entered into a Credit Agreement (“Container Loan #2”) with a bank for an initial aggregate amount of approximately \$21,548 in connection with the acquisition of a portfolio of shipping containers subject to finance leases. Container Loan #2 requires quarterly payments of interest and scheduled principal payments through its maturity on August 28, 2018 and can be prepaid without penalty at any time. Container Loan #2 is secured by the Company’s interest in the shipping containers and related finance leases. Borrowings under Container Loan #2 bear interest at a rate of LIBOR plus a spread of 3.25%. At December 31, 2015 and December 31, 2014, borrowings under Container Loan #2 bore interest at a rate of 3.66% and 3.49%, respectively. The average interest rate for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 was 3.67%, 3.59% and 3.54%, respectively, inclusive of the interest rate cap, described below.

In connection with Container Loan #2, on September 20, 2013, the Company entered into an interest rate cap agreement (the “Cap”), which was not designated as a cash flow hedge, with an initial payment date of February 28, 2014. The Cap capped LIBOR at 2.5% with respect to 50% of the portion of the outstanding balance of Container Loan #2 attributable to the 5-year finance leases. The initial notional amount of the Cap was approximately \$2,554, with scheduled quarterly decreases through the August 28, 2018 maturity date of the Loan. The fair value of the Cap at December 31, 2015 and December 31, 2014 was approximately \$4 and \$18, respectively.

Pursuant to the Container Loan #2 agreement, amounts realized by the Company in connection with the finance leases are remitted directly into a trust account for disbursement according to specified payment priorities. Any amounts remaining in the trust account after payment of required obligations are released to the Company. Container Loan #2 contains negative covenants which limit certain actions of the borrowers. Upon the occurrence and during the continuance of an event of default under the Container Loan #2, principal, interest and any fees or other amounts owed under the Container Loan #2 bear interest at a rate that is 2.5% per annum in excess of the interest rate otherwise payable with respect to such amounts. As of December 31, 2015, the Company was in compliance with all of the covenants under this agreement.

FTAI Pride Credit Agreement—On September 15, 2014, FTAI Pride, LLC, (“FTAI Pride”) a subsidiary of the Company entered into a credit agreement (the “FTAI Pride Credit Agreement”) with a financial institution for a term loan in an aggregate amount of \$75,000. The loan proceeds were used in connection with the acquisition of an offshore construction vessel. The FTAI Pride Credit Agreement requires quarterly payments of interest and scheduled principal payments of \$1,562 beginning in the quarter ending December 31, 2015, through its maturity and can be prepaid without penalty at any time. The FTAI Pride Credit Agreement is secured on a first priority basis by the offshore construction vessel and charter. Borrowings under the FTAI Pride Credit Agreement bear interest at the LIBOR rate plus a spread of 4.50%. At

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(Dollar amounts in thousands, unless otherwise noted)

December 31, 2015 and December 31, 2014, borrowings under the FTAI Pride Credit Agreement bore interest at a rate of 5.02% and 4.74%, respectively.

The FTAI Pride Credit Agreement contains affirmative and negative covenants which limit certain actions of the borrower and a financial covenant requiring a Fixed Charges Coverage Ratio, as defined, of not less than 1.15:1.00 in any twelve month period ending December 31, 2014, or later. At December 31, 2015, the Company was in compliance with all the covenants under the FTAI Pride Credit Agreement.

CMQR Credit Agreement—On September 18, 2014, CMQR entered into a credit agreement (the “CMQR Credit Agreement”) with a financial institution for a revolving line of credit in an aggregate amount of \$10,000. The CMQR Credit Agreement requires quarterly payments of interest and its maturity date is September 18, 2017. Borrowings under the CMQR Credit Agreement bear interest at either (i) Adjusted LIBOR plus a spread of 2.50% or 4.50%, (ii) the U.S. or Canadian Base Rate plus a spread of 1.50% or 3.50%, or (iii) the Canadian Fixed Rate plus a spread of 2.50% or 4.50%, as defined by the CMQR Credit Agreement. Borrowings under the CMQR Credit Agreement bore interest at an average rate of 2.92% and 2.95% at December 31, 2015 and December 31, 2014, respectively.

The CMQR Credit Agreement is also indirectly supported by Fortress Transportation and Infrastructure Investors LLC (the “Sponsor”). In the event of a default under the credit agreement, CMQR’s lenders can cause CMQR to call up to \$12 million in capital from the Sponsor, and in the event of CMQR’s bankruptcy, the lenders can put the debt back to the Sponsor. The capital call obligation and put right fall away upon satisfaction of certain conditions, including CMQR’s compliance with minimum collateral coverage and a minimum Fixed Charge Coverage Ratio, as defined, of 1.30:1.00 for the preceding four-quarter period. Upon termination of the capital call obligation and put right, CMQR is required to maintain minimum collateral coverage at all times and a Fixed Charge Coverage Ratio of not less than 1.30:1.00 in any rolling four-quarter period. The CMQR Credit Agreement contains affirmative and negative covenants which limit certain actions of CMQR and at December 31, 2015, the Company was in compliance with these covenants.

Jefferson Terminal Credit Agreement—On August 27, 2014, a subsidiary of the Company, entered into a credit agreement (the “Jefferson Terminal Credit Agreement”) with a financial institution for an aggregate amount of \$100,000. The loan proceeds were used to partially finance the acquisition of Jefferson Terminal (Note 3) as well as to pay certain working capital amounts.

The Jefferson Terminal Credit Agreement required quarterly payments of \$250 beginning with the quarter ending December 31, 2014, with such quarterly payments increasing to \$1,250 beginning with the quarter ending December 31, 2016, and could be prepaid or repaid at any time prior to its maturity on February 27, 2018. The Jefferson Terminal Credit Agreement was secured on a first priority basis by substantially all assets of Jefferson Terminal, as defined in the agreement. Borrowings under the Jefferson Terminal Credit Agreement bore interest, at the Company’s option, at the Adjusted Eurodollar Rate plus a spread of 8.00% or at a Base Rate plus a spread of 7.00%. The Jefferson Terminal Credit Agreement provided for a prepayment premium ranging from 1-3% of the aggregate principal amount prepaid, including repayment at maturity (the “Exit Fee”). The Exit Fee payable at maturity, of approximately \$2,753, was being recognized ratably over the term of the loan and recorded as a component of interest expense in the Consolidated Statement of Operations. At December 31, 2015 and December 31, 2014, borrowings under the Jefferson Terminal Credit Agreement bore interest at a rate of 9.50% and 9.00%, respectively, and interest expense for the year ending December 31, 2015 and December 31, 2014 was approximately \$10,910 and \$3,703, respectively, of which approximately \$2,128 and \$3,534, respectively, was related to capital improvements and was capitalized to Construction in Progress.

The Jefferson Terminal Credit Agreement contains affirmative and negative covenants which limit certain actions of the borrowers. At December 31, 2015, the Company was in compliance with all covenants under the Jefferson Terminal Credit Agreement.

On March 8, 2016, all amounts outstanding under the Jefferson Terminal Credit Agreement were paid in full and such agreement was terminated. See Note 19, Subsequent Events.

Bonds Payable

Series 2010 Bonds—On December 1, 2010, Jefferson County Development Corporation issued \$300,000 of tax-exempt industrial bonds, the Series 2010 Bonds, which provided tax-exempt financing for businesses, to be used for specific purposes to stimulate the economy of the respective beneficiary counties. The proceeds of this issuance were loaned to Jefferson Terminal, to be held in trust, as restricted cash, to ensure adherence to the restrictions of use of the funds. Use of the proceeds required approval from a trustee prior to release of funds. The Series 2010 bonds had a stated maturity date of December 1, 2040, bore interest at a rate of 0.6% per year, and the principal amount was due at maturity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

In accordance with the terms of the trust indenture and security agreements, Series 2010 Bonds could be tendered by bondholders and purchased by the Company using the unused restricted cash proceeds. During the year ended December 31, 2014, \$2,000 of principal was repaid related to the Series 2010 Bonds and the remaining \$298,000 of principal was tendered by the bondholders and purchased by the Company utilizing unused restricted cash proceeds. As of December 31, 2014, Series 2010 Bonds purchased by the Company were deemed to be owned by the Company, and in the Consolidated Balance Sheet, the Company had \$298,000 of Tendered Bonds and an equal corresponding amount in Debt. Tendered bonds did not convey principal or interest payments while held by the Company.

During year ended December 31, 2015, the Jefferson County Industrial Development Corporation, the Company, and Amegy Bank as the related trustee, agreed to cancel the Series 2010 Bonds. Accordingly, as of December 31, 2015, the Series 2010 Bonds are deemed cancelled and are no longer reported within Tendered Bonds or Debt in the Consolidated Balance Sheet.

Series 2012 Bonds—On August 1, 2012, Jefferson County Development Corporation issued \$46,875 of tax-exempt industrial bonds (“Series 2012 Bonds”), to specifically fund construction and operation of an intermodal transfer facility for crude oil and refined petroleum products. The proceeds of this issuance were loaned to Jefferson Terminal, to be held in trust, as restricted cash, to ensure adherence to the restrictions of use of the funds. Use of the proceeds requires approval from a trustee prior to release of funds. Such restricted cash may only be released to us after payment of applicable reserves, including a six-month interest reserve, and expenses, as determined by the trustee. The Series 2012 Bonds have a stated maturity of July 1, 2032, bear interest at 8.25%, and require scheduled principal payments. The principal of the Series 2012 Bonds is payable annually at varying amounts.

In connection with the Company’s acquisition of Jefferson Terminal (Note 3), the Series 2012 Bonds were recorded at a fair value of \$48,554, which represented a premium of \$1,823 as compared to their face value at the date of acquisition; such premium is being amortized using the effective interest method over the remaining contractual term of the Series 2012 Bonds.

The Series 2012 Bond agreement contains a financial covenant requiring a subsidiary of the Company to maintain a long-term debt service coverage ratio, as defined in the agreement, of 1.25 to 1, in each fiscal year, beginning with December 31, 2014. At December 31, 2015, the Company was in compliance with all the covenants under the Series 2012 Bonds.

Note Payable to Non-Controlling Interest

Note Payable to Non-Controlling Interest—In May 2013, in connection with the capitalization of a consolidated subsidiary, the Company and the owner of the non-controlling interest loaned approximately \$18,275 and \$3,225, respectively, to the entity in proportion to their respective ownership percentages of 85% and 15%. The loans bear interest at an annual rate of 5% and require monthly payments of principal and interest through their final maturity in May 2021. The loan amount funded by the Company and related interest have been eliminated in consolidation.

At December 31, 2015, scheduled principal repayments under the Company’s debt agreements for the next five years and thereafter are summarized as follows:

	2016	2017	2018	2019	2020	Thereafter	Total
Bonds payable (excluding unamortized premium of \$1,751)	\$ 1,320	\$ 1,425	\$ 1,545	\$ 1,670	\$ 1,810	\$ 37,740	\$ 45,510
Loans payable	22,900	48,591	101,515	48,438	—	—	221,444
Note payable to non-controlling interest	571	403	403	403	572	—	2,352
Total	\$ 24,791	\$ 50,419	\$ 103,463	\$ 50,511	\$ 2,382	\$ 37,740	\$ 269,306

10. FAIR VALUE MEASUREMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

Fair value measurements and disclosures require the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- Market approach—Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach—Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about those future amounts.
- Cost approach—Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The following tables set forth the Company's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and December 31, 2014, by level within the fair value hierarchy. Assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

	Fair Value as of	Fair Value Measurements Using Fair Value Hierarchy as of			Valuation Technique
	December 31, 2015	December 31, 2015			
	Total	Level 1	Level 2	Level 3	
Assets:					
Cash and cash equivalents	\$ 381,703	\$ 381,703	\$ —	\$ —	Market
Restricted cash	21,610	21,610	—	—	Market
Derivative assets	101	—	101	—	Income
Total assets at fair value	\$ 403,414	\$ 403,313	\$ 101	\$ —	

	Fair Value as of	Fair Value Measurements Using Fair Value Hierarchy as of			Valuation Technique
	December 31, 2014	December 31, 2014			
	Total	Level 1	Level 2	Level 3	
Assets:					
Cash and cash equivalents	\$ 22,125	\$ 22,125	\$ —	\$ —	Market
Restricted cash	21,084	21,084	—	—	Market
Derivative assets	232	—	232	—	Income
Total assets at fair value	\$ 43,441	\$ 43,209	\$ 232	\$ —	

At December 31, 2015 and December 31, 2014, the Company had no liabilities that were measured at fair value on a recurring basis.

The Company's cash and cash equivalents and restricted cash consist largely of demand deposit accounts with maturities of 90 days or less when purchased that are considered to be highly liquid and easily tradable. These instruments are valued using inputs observable in active markets for identical instruments and are therefore classified as Level 1 within the fair value hierarchy. The Company's derivatives are valued using discounted cash flow models with observable market inputs (i.e., cash rates, futures rates, swap rates and contractual cash flows) that can be verified and do not involve significant judgments and are therefore classified as Level 2 within the fair value hierarchy.

Except as discussed below, the Company's financial instruments other than cash and cash equivalents, restricted cash, and derivatives consist principally of accounts receivable, accounts payable and accrued liabilities, bonds payable, security

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(Dollar amounts in thousands, unless otherwise noted)

deposits, maintenance deposits and management fees payable, whose fair value approximates their carrying value based on an evaluation of pricing data, vendor quotes, and historical trading activity or due to their short maturity profiles.

At December 31, 2015 and December 31, 2014, the Company's notes receivable, included as a component of other assets on the accompanying Consolidated Balance Sheets, consisted of a \$3,725 loan bearing interest at 12.0% made to the Company's joint venture partner in MT 6015 (Note 2) which is collateralized by other property owned by the joint venture partner. At December 31, 2015, the Company's notes receivable also included a \$14,869 loan bearing interest at 10% related to a terminal site under development, collateralized by property at that site. The fair values of these notes receivable approximate carrying value due to both bearing a market rate of interest for similar types of loans and is classified as Level 2 within the fair value hierarchy.

The fair values of Container Loan #1 and Container Loan #2, reported in Debt on the Consolidated Balance Sheets at December 31, 2015 and December 31, 2014, were approximately \$34,758 and \$42,515, respectively, and \$11,359 and \$19,129, respectively, based upon current market interest rates for similar types of loans. The fair value of Series 2012 bonds, reported in Debt on the Consolidated Balance Sheets, was approximately \$49,268 at December 31, 2015 and approximated carrying value at December 31, 2014, based upon market prices for similar municipal securities. The fair values of all other items reported as Debt on the Consolidated Balance Sheets approximate their carrying values due to their bearing market rates of interest, and are classified as Level 2 within the fair value hierarchy.

The Company measures the fair value of certain assets and liabilities on a non-recurring basis when GAAP requires the application of fair value, including events or changes in circumstances that indicate that the carrying amounts of assets may not be recoverable. Assets subject to these measurements include goodwill, intangible assets, property, plant and equipment and leasing equipment. The Company records such assets at fair value when it is determined the carrying value may not be recoverable. Fair value measurements for assets subject to impairment tests are based on an income approach which uses Level 3 inputs, which include the Company's assumptions as to future cash flows from operation of the underlying businesses and the leasing and eventual sale of assets.

During the years ended December 31, 2015 and 2014, no impairment charges were recognized related to the Company's assets and liabilities measured at fair value on a recurring basis. See Note 7 for impairment recorded by the Company's investment in unconsolidated entity during the year ended December 31, 2015.

11. REVENUES

Components of revenue are as follows:

Revenues	Year Ended December 31, 2015					
	Equipment Leasing			Infrastructure		Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	
Equipment leasing revenues						
Lease income	\$ 42,924	\$ 21,959	\$ —	\$ —	\$ —	\$ 64,883
Maintenance revenue	17,286	—	—	—	—	17,286
Finance lease income	—	1,665	7,082	—	—	8,747
Other revenue	1,120	607	100	—	—	1,827
Total equipment leasing revenues	\$ 61,330	\$ 24,231	\$ 7,182	\$ —	\$ —	\$ 92,743
Infrastructure revenues						
Lease income	—	—	—	4,620	—	4,620
Rail revenues	—	—	—	—	25,550	25,550
Terminal services revenues	—	—	—	13,655	—	13,655
Total infrastructure revenues	—	—	—	\$ 18,275	\$ 25,550	\$ 43,825
Total revenues	\$ 61,330	\$ 24,231	\$ 7,182	\$ 18,275	\$ 25,550	\$ 136,568

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

Revenues	Year Ended December 31, 2014					
	Equipment Leasing			Infrastructure		Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	
Equipment leasing revenues						
Lease income	\$ 14,991	\$ 12,690	\$ —	\$ —	\$ —	\$ 27,681
Maintenance revenue	5,964	—	—	—	—	5,964
Finance lease income	—	1,716	8,297	—	—	10,013
Other revenue	3	224	99	—	—	326
Total equipment leasing revenues	\$ 20,958	\$ 14,630	\$ 8,396	\$ —	\$ —	\$ 43,984
Infrastructure revenues						
Lease income	—	—	—	1,325	—	1,325
Rail revenues	—	—	—	—	9,969	9,969
Terminal services revenues	—	—	—	2,652	—	2,652
Total infrastructure revenues	—	—	—	\$ 3,977	\$ 9,969	\$ 13,946
Total revenues	\$ 20,958	\$ 14,630	\$ 8,396	\$ 3,977	\$ 9,969	\$ 57,930

Revenues	Year Ended December 31, 2013					
	Equipment Leasing			Infrastructure		Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	
Equipment leasing revenues						
Lease income	\$ 4,282	\$ 5,002	\$ —	\$ —	\$ —	\$ 9,284
Maintenance revenue	2,242	—	—	—	—	2,242
Finance lease income	—	262	7,519	—	—	7,781
Other revenue	121	—	102	—	—	223
Total equipment leasing revenues	6,645	5,264	7,621	—	—	19,530
Total revenues	\$ 6,645	\$ 5,264	\$ 7,621	\$ —	\$ —	\$ 19,530

Minimum future annual revenues contracted to be received under existing operating leases of equipment at December 31, 2015 are as follows:

	Year ending December 31,
2016	\$ 59,111
2017	44,623
2018	32,054
2019	16,877
2020	7,206
Thereafter	1,452
	\$ 161,323

12. EQUITY-BASED COMPENSATION

In 2015, subsequent to the IPO, the Company established a Nonqualified Stock Option and Incentive Award Plan ("Incentive Plan") which provides for the ability to award equity compensation awards in the form of stock options, stock appreciation rights, restricted stock, and performance awards to eligible employees, consultants, directors, and other individuals who provide services to the Company, each as determined by the Compensation Committee of the Board of Directors. Amounts are in thousands except share data.

As of December 31, 2015, the Incentive Plan provides for the issuance of up to 30,000,000 shares. The Company accounts for equity-based compensation expense in accordance with Accounting Standards Codification 718 *Compensation-Stock*

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Compensation (“ASC 718”) and is reported within Operating Expenses and General and Administrative in the Consolidated Statements of Operations.

Stock Options

In June 2015, the Company issued an aggregate of 15,000 stock options (5,000 options each) to its three independent directors pursuant to the Incentive Plan with a grant date fair value of \$24 which immediately vested upon grant and expire after 10 years. The fair value of each stock option was estimated on the date of grant using a Black-Scholes option valuation model using the following assumptions:

		Year Ended December 31, 2015
Expected volatility	Due to the lack of historical data for the Company’s own stock, the Company has based its expected volatility on a representative peer group with similar business characteristics.	28%
Risk free interest rate	The risk-free rate is determined using the implied yield currently available on U.S. government bonds with a term consistent with the expected term on the date of grant.	2.4%
Expected dividend yield	The expected dividend yield is based on management’s current expected dividend rate.	6.50%
Expected term	Expected term used represents the period of time the options granted are expected to be outstanding.	5 years

	Options	Weighted- Average Exercise Price (per share)	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Stock options outstanding at January 1, 2015	—			
Granted	15,000	\$ 16.98		
Exercised	—			
Forfeited and cancelled	—			
Stock options outstanding and exercisable as of December 31, 2015	15,000	16.98	9.42	\$ —

Restricted Shares

Starting in 2014, the Company has granted equity based compensation to employees of a subsidiary consisting of 1.3 million restricted shares of such subsidiary’s equity instruments in exchange for services to be provided. One award for 1.25 million restricted shares vests in three tranches over three years, subject to continued employment and the achievement of three separate performance conditions based on EBITDA for that subsidiary, as defined. The award expires in August 2017. The award is equity based, with compensation expense recognized ratably over the remaining service period when it is probable that the performance conditions will be achieved. The grant date fair value of the award is \$23,879 which was based on the fair value per share on August 27, 2014, the date of grant, and estimated using a market approach. As of December 31, 2015, the achievement of one performance condition representing 50% of the grant value remains probable.

A second award vests over four years, subject to continued employment. The grant date fair value of the award is \$800, which is based on the fair value per share on the date of grant, estimated using a market approach.

All restricted shares were outstanding and unvested as of December 31, 2015 and December 31, 2014. The awards have an assumed forfeiture rate of zero.

Common Units

Starting in 2014, the Company has granted equity based compensation to employees of a subsidiary consisting of 1.4 million common units of such subsidiary’s equity instruments with an aggregate grant date fair value of \$1,688 in exchange for services to be provided. The awards have varying terms, ranging between 16 and 36 months, and vest subject to continued employment through each respective vesting date. The awards are equity based, with compensation expense

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recognized ratably over the vesting periods. The awards have an assumed forfeiture rate of zero. As of December 31, 2015 and December 31, 2014, 733 and 1,300 common units were nonvested, respectively. During the year ended December 31, 2015, 617 common units vested, with a fair value of \$765.

The fair value of the awards are based on the fair value of the operating subsidiary on each date of grant, which was estimated using a discounted cash flow analysis which requires the application of discount factors and terminal multiples to projected cash flows. Discount factors and terminal multiples were based on market based inputs and transactions, as available at the measurement dates.

The Company's Statements of Operations includes the following expense related to its stock-based compensation arrangements:

	Year Ended December 31, 2015	Remaining Expense To Be Recognized, If All Vesting Conditions Are Met
Stock Options	\$ 24	\$ —
Restricted Shares	3,432	20,110
Common Units	1,206	354
Total	<u>\$ 4,662</u>	<u>\$ 20,464</u>

During the year ended December 31, 2014, the Company recorded stock-based compensation expense related to restricted shares and common units of \$1,137 and \$128, respectively.

13. INCOME TAXES

The current and deferred components of the income tax expense included in the Consolidated Statements of Operations are as follows:

	Year Ended December 31,		
	2015	2014	2013
Current:			
Federal	\$ 86	\$ 700	\$ —
State and local	45	15	—
Foreign	222	—	—
Total current provision	<u>353</u>	<u>715</u>	<u>—</u>
Deferred:			
Federal	(79)	158	—
State and local	—	1	—
Foreign	312	—	—
Total deferred provision (benefit)	<u>233</u>	<u>159</u>	<u>—</u>
Total provision for income taxes	<u>\$ 586</u>	<u>\$ 874</u>	<u>\$ —</u>

The Company is taxed as a flow-through entity for U.S. income tax purposes and its taxable income or loss generated is the responsibility of its owners. Taxable income or loss generated by the Company's corporate subsidiaries is subject to U.S. federal, state and foreign corporate income tax in locations where they conduct business.

The difference between the Company's reported provision for income taxes and the U.S. federal statutory rate of 35% is as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

	December 31,		
	2015	2014	2013
U.S. federal tax at statutory rate	35.0 %	35.0 %	35.0 %
Income not subject to tax	25.2 %	(241.2)%	(35.0)%
State and local taxes	(0.2)%	0.4 %	
Foreign taxes	(1.9)%	— %	
Other	(0.2)%	— %	
Change in valuation allowance	(60.0)%	228.8 %	
Provision for income taxes	(2.1)%	23.0 %	— %

Significant components of our deferred tax assets and liabilities are as follows:

	December 31,	
	2015	2014
Deferred tax assets:		
Net operating loss carryforwards	\$ 24,234	\$ 6,144
Accrued expenses	1,767	1,934
Interest expense	4,038	1,033
Other	2,712	451
Total deferred tax assets	32,751	9,562
Less valuation allowance	(24,786)	(8,675)
Net deferred tax assets	7,965	887
Deferred tax liabilities:		
Fixed assets	\$ 8,357	\$ 1,046
Net deferred tax liabilities	\$ (392)	\$ (159)

Current and deferred tax assets and liabilities are reported in other assets and other liabilities, respectively, in the Consolidated Balance Sheet. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. The Company has analyzed its deferred tax assets and has determined, based on the weight of available evidence, that it is more likely than not that a significant portion will not be realized. Accordingly, valuation allowances have been recognized as of December 31, 2015 and December 31, 2014 of approximately \$24,786 and \$8,675, respectively, related to certain deductible temporary differences and net operating loss carryforwards.

A summary of the changes in the valuation allowance follows:

	December 31,	
	2015	2014
Valuation allowance at beginning of period	\$ 8,675	\$ —
Increase to valuation allowance attributable to:		
Current year loss	16,111	8,675
Valuation allowance at end of period	\$ 24,786	\$ 8,675

As of December 31, 2015 and 2014, certain corporate subsidiaries of the Company had U.S. federal net operating loss carryforwards of approximately \$62,014 and \$13,000, respectively, and \$60,646 and \$12,300, respectively, of various state and local net operating loss carryforwards that are available to offset future taxable income, if and when it arises. These net operating loss carryforwards begin to expire in the year 2034. As of December 31, 2015 and 2014, the Company also had net operating loss carryforwards for Canadian federal and provincial income taxes of \$6,672 and \$4,000, respectively, which will begin to expire in the year 2034. As of December 31, 2015, the Company also had net operating loss carryforwards for Irish income tax purposes of \$900, which can be carried forward indefinitely against future business income. The utilization of the net operating loss carryforwards to reduce future income taxes will depend on the corporate subsidiaries' ability to generate sufficient taxable income prior to the expiration of the carryforward period. In addition,

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the maximum annual use of net operating loss carryforwards may be limited in certain situations after changes in stock ownership occur.

As of and for the years ended December 31, 2015 and 2014, the Company had not established a liability for uncertain tax positions as no such positions existed. In general, the Company's tax returns and the tax returns of its corporate subsidiaries are subject to U.S. federal, state and local and foreign income tax examinations by tax authorities. Generally, the Company is not subject to examination by taxing authorities for tax years prior to 2012. The Company does not believe that it is reasonably possible that the total amount of unrecognized tax benefits will significantly change within 12 months of the reporting date.

14. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

The Manager is paid annual fees in exchange for advising the Company on various aspects of its business, formulating its investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing its day-to-day operations, inclusive of all costs incidental thereto. In addition, the Manager may be reimbursed for various expenses incurred by the Manager on the Company's behalf, including the costs of legal, accounting and other administrative activities. In May 2015, in connection with the IPO, the Company entered into a new management agreement with the Manager, (the "Management Agreement") which replaced its then-existing management agreement as a private fund. The terms of each arrangement, pre-IPO and post-IPO, are described below.

Pre-IPO Management Agreement

The pre-IPO management fee was calculated at an annual rate of 1.25% for any Onshore Fund or Offshore Fund investor (collectively, the "Fund Investors") with a capital commitment of at least \$100 million and 1.50% for any capital commitment of less than \$100 million, payable semi-annually in arrears. Commencing with the date of the initial closing of the Onshore Fund and the Offshore Fund and continuing through the third anniversary of their final closing (the "Fund Commitment Period"), this percentage was applied to the weighted average of all capital called, reduced for any return of capital resulting from the partial or complete disposition of any Portfolio Investment, as defined. During the years ended December 31, 2015, 2014, and 2013, pre-IPO management fees were \$3,873, \$5,463, and \$2,211, respectively.

In addition, affiliates of the Manager were entitled to receive an amount not to exceed \$1 million per annum to cover legal, compliance, operational, tax, accounting, insurance, transfer agent and informational technology services ("Specified General and Administrative Expenses") performed by employees of such affiliates on behalf of the Company or the Onshore Fund and the Offshore Fund. No expenses were reimbursed to the Manager or its affiliates for any period prior to the IPO.

Prior to the IPO, the Master GP was entitled to an incentive return (the "Incentive Return") generally equal to 10% of the Partnership's profits (before certain taxes), as defined, subject to: i) an 8% cumulative preferred return payable to the Onshore Fund and Offshore Fund investors and ii) a clawback provision which requires amounts previously distributed as Incentive Return to be returned to the Company for the benefit of the Onshore Fund and Offshore Fund investors (after adjusting for tax in accordance with the partnership agreement) if, upon the termination of the Company, the amounts ultimately distributed to the Master GP exceed its allocable amount.

The Incentive Return was distributable to the Master GP from Distributable Proceeds of the Partnership (as defined) as they were distributed. Accordingly, an Incentive Return would have been paid to the Master GP in connection with a particular investment if and when such investment generated proceeds in excess of the capital called with respect to such investment, plus an 8% cumulative preferred return on such investment and on all previously liquidated investments. If, upon the termination of the Partnership, the aggregate amount paid to the Master GP as Incentive Return exceeded the amount actually due after taking into account the aggregate return to the Onshore Fund and the Offshore Fund investors, the excess was required to be returned by the Master GP ("clawed back", after adjusting for tax in accordance with the Company agreements) to the Company for benefit of the Fund Investors.

Immediately prior to the consummation of the IPO, the Master GP contributed its rights to previously undistributed incentive return pursuant to the Partnership Agreement in exchange for limited partnership interests in each of the Onshore Fund and Offshore Fund equal to the amount of any such undistributed incentive returns.

Certain employees of an affiliate of the Manager are or may become entitled to receive profit sharing arrangements from the Master GP, pursuant to which they receive a portion of the Master GP's Incentive Return. The Company is not required to reimburse the Master GP for such amounts. During the years ended December 31, 2015, 2014, and 2013, the Master

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GP did not incur any amounts payable to these employees under such profit sharing arrangements attributable to the operations of the Company.

Post-IPO Management Agreement

The Manager is entitled to a management fee, incentive allocations (comprised of income incentive allocation and capital gains incentive allocation, defined below) and reimbursement of certain expenses. The post-IPO management fee is determined by taking the average value of total equity (excluding non-controlling interests) determined on a consolidated basis in accordance with GAAP at the end of the two most recently completed months multiplied by an annual rate of 1.50%, and is payable monthly in arrears in cash. The total post-IPO management fees for the year ended December 31, 2015 was \$11,145.

The income incentive allocation is calculated and distributable quarterly in arrears based on the pre-incentive allocation net income for the immediately preceding calendar quarter (the "Income Incentive Allocation"). For this purpose, pre-incentive allocation net income means, with respect to a calendar quarter, net income attributable to shareholders during such quarter calculated in accordance with GAAP excluding the Company's pro rata share of (1) realized or unrealized gains and losses, and (2) certain non-cash or one-time items, and (3) any other adjustments as may be approved by the Company's independent directors. Pre-incentive allocation net income does not include any Income Incentive Allocation or Capital Gains Incentive Allocation (described below) paid to the Master GP during the relevant quarter.

A subsidiary of the Company allocates and distributes to the Master GP an Income Incentive Allocation with respect to its pre-incentive allocation net income in each calendar quarter as follows: (1) no Income Incentive Allocation in any calendar quarter in which pre-incentive allocation net income, expressed as a rate of return on the average value of the Company's net equity capital (excluding non-controlling interests) at the end of the two most recently completed calendar quarters, does not exceed 2.0% for such quarter (8.0% annualized); (2) 100% of pre-incentive allocation net income with respect to that portion of such pre-incentive allocation net income, if any, that is equal to or exceeds 2.00% but does not exceed 2.2223% for such quarter; and (3) 10.0% of the amount of pre-incentive allocation net income, if any, that exceeds 2.2223% for such quarter. These calculations will be prorated for any period of less than three months. No Income Incentive Allocation was due to the Master GP for the year ended December 31, 2015.

Capital Gains Incentive Allocation is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of the Company's pro rata share of cumulative realized gains from the date of the IPO through the end of the applicable calendar year, net of the Company's pro rata share of cumulative realized or unrealized losses, the cumulative non-cash portion of equity-based compensation expenses and all realized gains upon which prior performance-based Capital Gains Incentive Allocation payments were made to the Master GP. No Capital Gains Incentive Allocation was due to the Master GP for the year ended December 31, 2015.

The Company will pay all of its operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The expenses required to be paid by the Company include, but are not limited to, issuance and transaction costs incident to the acquisition, disposition and financing of the company's assets, legal and auditing fees and expenses, the compensation and expenses of the Company's independent directors, the costs associated with the establishment and maintenance of any credit facilities and other indebtedness of the Company (including commitment fees, legal fees, closing costs, etc.), expenses associated with other securities offerings of the Company, costs and expenses incurred in contracting with third parties (including affiliates of the Manager), the costs of printing and mailing proxies and reports to the Company's shareholders, costs incurred by the Manager or its affiliates for travel on the Company's behalf, costs associated with any computer software or hardware that is used for the Company, costs to obtain liability insurance to indemnify the Company's directors and officers and the compensation and expenses of the Company's transfer agent.

The Company will pay or reimburse the Manager and its affiliates for performing certain legal, accounting, due diligence tasks and other services that outside professionals or outside consultants otherwise would perform, provided that such costs and reimbursements are no greater than those which would be paid to outside professionals or consultants. The Manager is responsible for all of its other costs incident to the performance of its duties under the Management Agreement, including compensation of the Manager's employees, rent for facilities and other "overhead" expenses; the Company will not reimburse the Manager for these expenses. During year ended December 31, 2015, expense reimbursement of \$4,119 was recorded in General and Administrative and \$2,181 was recorded in Acquisition and Transaction expenses in the Consolidated Statements of Operations.

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If the Company terminates the Management Agreement, it will generally be required to pay the Manager a termination fee. The termination fee is equal to the amount of the management fee during the 12 months immediately preceding the date of the termination. In addition, an Incentive Allocation Fair Value Amount will be distributable to the Master GP if the Master GP is removed due to the termination of the Management Agreement in certain specified circumstances. The Incentive Allocation Fair Value Amount is an amount equal to the Income Incentive Allocation and the Capital Gains Incentive Allocation that would be paid to the Master GP if the Company's assets were sold for cash at their then current fair market value (as determined by an appraisal, taking into account, among other things, the expected future value of the underlying investments).

Upon the successful completion of a post-IPO offering of the Company's common shares or other equity securities (including securities issued as consideration in an acquisition), the Company will grant the Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in the offering (or if the issuance relates to equity securities other than the Company's common shares, options to purchase a number of common shares equal to 10% of the gross capital raised in the equity issuance divided by the fair market value of a common share as of the date of issuance), with an exercise price equal to the offering price per share paid by the public or other ultimate purchaser or attributed to such securities in connection with an acquisition (or the fair market value of a common share as of the date of the equity issuance if it relates to equity securities other than our common shares). Any ultimate purchaser of common shares for which such options are granted may be an affiliate of Fortress.

As of December 31, 2015 and December 31, 2014, amounts receivable from the Manager or its affiliates of \$0 and \$335, respectively, are included within other assets on the Consolidated Balance Sheets. As of December 31, 2015 and December 31, 2014, amounts due to the Manager or its affiliates of \$994 and \$160, respectively, excluding accrued management fees, are included within other liabilities on the Consolidated Balance Sheets. As of December 31, 2015 and December 31, 2014, amounts due to the Manager or its affiliates of \$1,506 and \$3,626, respectively, related to accrued management fees, are included within accounts payable and accrued liabilities on the Consolidated Balance Sheets.

Other Affiliate Transactions

As of December 31, 2015 and December 31, 2014, a private equity fund sponsored by Fortress owns an approximately 20% interest in Jefferson Terminal which has been accounted for as a component of non-controlling interest in consolidated subsidiaries in the accompanying consolidated financial statements. The carrying amount of this non-controlling interest at December 31, 2015 and December 31, 2014 was \$71,321 and \$54,273. For the year ending December 31, 2015 and December 31, 2014, the amount of this non-controlling interest share of net loss was \$(7,950) and \$(3,068), respectively.

A non-controlling interest holder of Jefferson Terminal provides construction services for Jefferson Terminal. At December 31, 2015 and December 31, 2014, accounts payable due to this vendor was \$4,708 and \$14,025, respectively.

15. SEGMENT INFORMATION

The Company's reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. The Company has five reportable segments which operate in the Equipment Leasing and Infrastructure businesses across several market sectors. The Company's reportable segments are Aviation Leasing, Offshore Energy, Shipping Containers, Jefferson Terminal and Railroad. Aviation Leasing consists of aircraft and aircraft engines held for lease and are typically held long-term. Offshore Energy consists of vessels and equipment that support offshore oil and gas drilling and production which are typically subject to long-term operating leases. Shipping Containers consist of investments in shipping containers and related equipment subject to operating leases and finance leases and also includes an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers (on both an operating lease and finance lease basis). Jefferson Terminal consists of a multi-modal crude oil and refined products terminal and other related assets. Railroad consists of our CMQR railroad operations.

With the CMQR and Jefferson Terminal acquisitions during 2014, the Company created two new reporting segments, Jefferson Terminal and Railroad. The Chief Operating Decision Maker ("CODM") also implemented Adjusted Net Income as the key performance measure during the same period. This segment structure and performance measure reflects the current management of the businesses and provides the CODM with the information necessary to assess operational performance as well as make resource and allocation decisions.

Corporate consists primarily of unallocated Company level general and administrative expenses and management fees. The accounting policies of the segments are the same as those described in the summary of significant accounting policies; however financial information presented by segment include the impact of intercompany eliminations. The Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

evaluates investment performance for each reportable segment primarily based on Net Income attributable to shareholders and Adjusted Net Income.

Adjusted Net Income is defined as net income attributable to shareholders, adjusted (a) to exclude the impact of provision for income taxes, equity-based compensation expense, acquisition and transaction expenses, losses on the modification or extinguishment of debt and capital lease obligations, changes in fair value of non-hedge derivative instruments, asset impairment charges, incentive allocations, and equity in earnings of unconsolidated entities; (b) to include the impact of cash income tax payments, the Company's pro-rata share of the Adjusted Net Income from unconsolidated entities (collectively "Adjusted Net Income"), and (c) to exclude the impact of the non-controlling share of Adjusted Net Income.

The Company believes that net income attributable to shareholders as defined by GAAP is the most appropriate earnings measurement with which to reconcile Adjusted Net Income. Adjusted Net Income should not be considered as an alternative to Net Income attributable to shareholders as determined in accordance with GAAP.

The following tables set forth certain information for each reportable segment of the Company:

I. For the Year Ended December 31, 2015

	Year Ended December 31, 2015						Total
	Equipment Leasing			Infrastructure		Corporate	
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Revenues							
Equipment leasing	\$ 61,330	\$ 24,231	\$ 7,182	\$ —	\$ —	\$ —	\$ 92,743
Infrastructure	—	—	—	18,275	25,550	—	43,825
Total revenues	61,330	24,231	7,182	18,275	25,550	—	136,568
Expenses							
Operating expenses	2,820	4,650	350	33,154	27,819	—	68,793
General and administrative	—	—	—	—	—	7,568	7,568
Acquisition and transaction expense	—	—	—	—	—	5,683	5,683
Management fees and incentive allocation to affiliate	—	—	—	—	—	15,018	15,018
Depreciation and amortization	23,549	5,967	—	13,897	1,895	—	45,308
Interest expense	—	3,794	2,393	12,546	578	—	19,311
Total expenses	26,369	14,411	2,743	59,597	30,292	28,269	161,681
Other income (expense)							
Equity in losses of unconsolidated entities	—	—	(6,956)	—	—	—	(6,956)
Gain (loss) on sale of equipment	3,053	—	—	(199)	565	—	3,419
Interest income	11	483	—	85	—	—	579
Other income (expense)	—	—	(14)	40	—	—	26
Total other income (expense)	3,064	483	(6,970)	(74)	565	—	(2,932)
Income (loss) before income taxes	38,025	10,303	(2,531)	(41,396)	(4,177)	(28,269)	(28,045)
Provision (benefit) for income taxes	668	—	(127)	41	—	4	586
Net income (loss)	37,357	10,303	(2,404)	(41,437)	(4,177)	(28,273)	(28,631)
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	21	676	—	(17,376)	(121)	(5)	(16,805)
Net income (loss) attributable to shareholders	\$ 37,336	\$ 9,627	\$ (2,404)	\$ (24,061)	\$ (4,056)	\$ (28,268)	\$ (11,826)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted Net Income to Net Income (Loss) attributable to shareholders:

	Year Ended December 31, 2015						Total
	Equipment Leasing			Infrastructure		Corporate	
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Adjusted Net Income (Loss)	\$ 37,777	\$ 9,627	\$ 7,991	\$ (22,153)	\$ (2,898)	\$ (22,557)	\$ 7,787
Add: Non-controlling share of adjustments to Adjusted Net Income							1,333
Add: Equity in (losses) earnings of unconsolidated entities							(6,956)
Add: Cash payments for income taxes							507
Less: Incentive allocations							—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities							(3,552)
Less: Asset impairment charges							—
Less: Changes in fair value of non-hedge derivative instruments							(14)
Less: Losses on the modification or extinguishment of debt and capital lease obligations							—
Less: Acquisition and transaction expenses							(5,683)
Less: Equity-based compensation expense							(4,662)
Less: Provision for income taxes							(586)
Net Loss attributable to shareholders							\$ (11,826)

Summary information with respect to the Company's geographic sources of revenue, based on location of customer, is as follows:

	Year Ended December 31, 2015						Total
	Equipment Leasing			Infrastructure		Corporate	
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Revenues							
Africa	\$ 10,969	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 10,969
Asia	27,168	7,483	5,309	—	—	—	39,960
Europe	20,008	15,071	—	—	—	—	35,079
North America	2,304	1,677	1,873	18,275	25,550	—	49,679
South America	881	—	—	—	—	—	881
Total revenues	\$ 61,330	\$ 24,231	\$ 7,182	\$ 18,275	\$ 25,550	\$ —	\$ 136,568

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

II. For the Year Ended December 31, 2014

	Year Ended December 31, 2014						
	Equipment Leasing			Infrastructure		Corporate	Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Revenues							
Equipment leasing	\$ 20,958	\$ 14,630	\$ 8,396	\$ —	\$ —		\$ 43,984
Infrastructure	—	—	—	3,977	9,969		13,946
Total revenues	20,958	14,630	8,396	3,977	9,969	—	57,930
Expenses							
Operating expenses	1,713	1,054	257	9,095	15,104	—	27,223
General and administrative	—	—	—	—	—	2,007	2,007
Acquisition and transaction expense	—	—	—	5,494	5,646	310	11,450
Management fees and incentive allocation to affiliate	—	—	—	—	—	5,463	5,463
Depreciation and amortization	9,445	2,801	—	2,763	989	—	15,998
Interest expense	—	1,248	2,840	1,552	187	45	5,872
Total expenses	11,158	5,103	3,097	18,904	21,926	7,825	68,013
Other income (expense)							
Equity in earnings of unconsolidated entities	—	—	6,093	—	—	—	6,093
Gain on sale of equipment	7,576	—	—	—	—	—	7,576
Interest income	26	160	—	—	—	—	186
Other income (expense)	—	—	(26)	46	—	—	20
Total other income	7,602	160	6,067	46	—	—	13,875
Income (loss) before income taxes	17,402	9,687	11,366	(14,881)	(11,957)	(7,825)	3,792
Provision for income taxes	490	—	100	284	—	—	874
Net income (loss)	16,912	9,687	11,266	(15,165)	(11,957)	(7,825)	2,918
Less: Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	—	704	—	(5,566)	—	—	(4,862)
Net income (loss) attributable to shareholders	\$ 16,912	\$ 8,983	\$ 11,266	\$ (9,599)	\$ (11,957)	\$ (7,825)	\$ 7,780

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted Net Income to Net Income attributable to shareholders:

	Year Ended December 31, 2014						Total
	Equipment Leasing			Infrastructure		Corporate	
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Adjusted Net Income (Loss)	\$ 17,136	\$ 8,976	\$ 11,453	\$ (3,209)	\$ (6,183)	\$ (7,516)	\$ 20,657
Add: Non-controlling share of adjustments to Adjusted Net Income							525
Add: Equity in earnings of unconsolidated entities							6,093
Add: Cash payments for income taxes							274
Less: Incentive allocations							—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities							(6,155)
Less: Asset impairment charges							—
Less: Changes in fair value of non-hedge derivative instruments							(25)
Less: Losses on the modification or extinguishment of debt and capital lease obligations							—
Less: Acquisition and transaction expenses							(11,450)
Less: Equity-based compensation expense							(1,265)
Less: Provision for income taxes							(874)
Net Income attributable to shareholders							\$ 7,780

Summary information with respect to the Company's geographic sources of revenue, based on location of customer, is as follows:

	Year Ended December 31, 2014						Total
	Equipment Leasing			Infrastructure		Corporate	
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Revenues							
Africa	\$ 7,818	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,818
Asia	3,246	7,483	6,024	—	—	—	16,753
Europe	8,240	5,432	—	—	—	—	13,672
North America	1,561	1,715	2,372	3,977	9,969	—	19,594
South America	93	—	—	—	—	—	93
Total revenues	\$ 20,958	\$ 14,630	\$ 8,396	\$ 3,977	\$ 9,969	\$ —	\$ 57,930

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

III. For the Year Ended December 31, 2013

	Year Ended December 31, 2013						
	Equipment Leasing			Infrastructure			Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	
Revenues							
Equipment leasing	\$ 6,645	\$ 5,264	\$ 7,621	\$ —	\$ —	\$ —	\$ 19,530
Infrastructure	—	—	—	—	—	—	—
Total revenues	6,645	5,264	7,621	—	—	—	19,530
Expenses							
Operating expenses	2,191	450	516	—	—	—	3,157
General and administrative	—	—	—	—	—	805	805
Acquisition and transaction expense	—	—	—	—	—	260	260
Management fees and incentive allocation to affiliate	—	—	—	—	—	2,211	2,211
Depreciation and amortization	2,972	937	—	—	—	—	3,909
Interest expense	—	104	2,699	—	—	13	2,816
Total expenses	5,163	1,491	3,215	—	—	3,289	13,158
Other income							
Equity in earnings of unconsolidated entities	—	2,700	7,625	—	—	—	10,325
Gain on sale of equipment	2,415	—	—	—	—	—	2,415
Gain on sale of unconsolidated entity	—	6,144	—	—	—	—	6,144
Interest income	23	—	—	—	—	—	23
Total other income	2,438	8,844	7,625	—	—	—	18,907
Income (loss) before income taxes	3,920	12,617	12,031	—	—	(3,289)	25,279
Provision for income taxes	—	—	—	—	—	—	—
Net income (loss)	3,920	12,617	12,031	—	—	(3,289)	25,279
Less: Net income attributable to non-controlling interests in consolidated subsidiaries	—	458	—	—	—	—	458
Net income (loss) attributable to shareholders	\$ 3,920	\$ 12,159	\$ 12,031	\$ —	\$ —	\$ (3,289)	\$ 24,821

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted Net Income to Net Income attributable to shareholders:

	Year Ended December 31, 2013				
	Equipment Leasing			Corporate	Total
	Aviation Leasing	Offshore Energy	Shipping Containers		
Adjusted Net Income (Loss)	\$ 3,920	\$ 12,159	\$ 12,031	\$ (3,029)	\$ 25,081
Add: Non-controlling share of adjustments to Adjusted Net Income					—
Add: Equity in earnings of unconsolidated entities					10,325
Add: Cash payments for income taxes					—
Less: Incentive allocations					—
Less: Pro-rata share of Adjusted Net Income from investments in unconsolidated entities					(10,325)
Less: Asset impairment charges					—
Less: Changes in fair value of non-hedge derivative instruments					—
Less: Losses on the modification or extinguishment of debt and capital lease obligations					—
Less: Acquisition and transaction expenses					(260)
Less: Equity-based compensation expense					—
Less: Provision for income taxes					—
Net Income attributable to shareholders					<u>\$ 24,821</u>

Summary information with respect to the Company's geographic sources of revenue, based on location of customer, is as follows:

	Year Ended December 31, 2013						
	Equipment Leasing			Infrastructure		Corporate	Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Revenues							
Africa	\$ 654	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 654
Asia	1,714	5,002	6,665	—	—	—	13,381
Europe	3,319	—	—	—	—	—	3,319
North America	958	262	956	—	—	—	2,176
Total revenues	<u>\$ 6,645</u>	<u>\$ 5,264</u>	<u>\$ 7,621</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 19,530</u>

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(Dollar amounts in thousands, unless otherwise noted)

IV. Balance Sheet and location of long-lived assets

The following tables sets forth summarized balance sheet information and the geographic location of property, plant and equipment, net and leasing equipment, net as of December 31, 2015 and December 31, 2014:

	December 31, 2015						
	Equipment Leasing			Infrastructure			Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	
Total assets	\$ 443,532	\$ 214,811	\$ 86,237	\$ 486,522	\$ 34,411	\$ 384,128	\$ 1,649,641
Debt	—	69,540	46,099	146,011	9,407	—	271,057
Total liabilities	50,873	75,093	46,223	162,746	19,938	4,082	358,955
Non-controlling interests in equity of consolidated subsidiaries	899	7,692	—	113,514	1,714	584	124,403
Total equity	392,659	139,718	40,014	323,776	14,473	380,046	1,290,686
Total liabilities and equity	\$ 443,532	\$ 214,811	\$ 86,237	\$ 486,522	\$ 34,411	\$ 384,128	\$ 1,649,641

	December 31, 2015						
	Equipment Leasing			Infrastructure			Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad	Corporate	
Property, plant and equipment and leasing equipment, net							
Africa	\$ 56,927	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 56,927
Asia	189,364	39,138	—	—	—	—	228,502
Europe	130,632	135,442	—	—	—	—	266,074
North America	37,950	—	—	317,766	24,692	—	380,408
South America	4,448	—	—	—	—	—	4,448
Total property, plant and equipment and leasing equipment, net	\$ 419,321	\$ 174,580	\$ —	\$ 317,766	\$ 24,692	\$ —	\$ 936,359

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

	December 31, 2014						
	Equipment Leasing			Infrastructure		Corporate	Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Total assets	\$ 308,957	\$ 212,699	\$ 117,298	\$ 721,266	\$ 30,605	\$ 13,915	\$ 1,404,740
Debt	—	76,024	61,154	446,272	9,417	—	592,867
Total liabilities	50,282	81,903	61,434	470,710	19,499	7,415	691,243
Non-controlling interests in equity of consolidated subsidiaries	—	7,319	—	91,118	628	—	99,065
Total equity	258,675	130,796	55,864	250,556	11,106	6,500	713,497
Total liabilities and equity	\$ 308,957	\$ 212,699	\$ 117,298	\$ 721,266	\$ 30,605	\$ 13,915	\$ 1,404,740

	December 31, 2014						
	Equipment Leasing			Infrastructure		Corporate	Total
	Aviation Leasing	Offshore Energy	Shipping Containers	Jefferson Terminal	Railroad		
Property, plant and equipment and leasing equipment, net							
Africa	\$ 47,945	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 47,945
Asia	119,232	40,637	—	—	—	—	159,869
Europe	105,762	137,981	—	—	—	—	243,743
North America	13,335	—	—	251,407	19,862	—	284,604
South America	599	—	—	—	—	—	599
Total property, plant and equipment and leasing equipment, net	\$ 286,873	\$ 178,618	\$ —	\$ 251,407	\$ 19,862	\$ —	\$ 736,760

16. EARNINGS PER SHARE

Basic (loss) earnings per share (“EPS”) is calculated by dividing net (loss) income attributable to the Company by the weighted average number of shares of common stock outstanding. Diluted EPS is calculated by dividing net (loss) income attributable to the Company by the weighted average number of shares of common stock outstanding, plus potentially dilutive securities. Potentially dilutive securities are calculated using the treasury stock method.

The Company completed an IPO on May 20, 2015 in which the Initial Shareholders, immediately prior to the consummation of the IPO, received shares in proportion to their respective ownership percentages. As a result, the Company has retrospectively presented the shares outstanding for all prior periods presented.

The calculation of basic and diluted EPS is presented below (in thousands, except share and per share data).

	Year Ended December 31,		
	2015	2014	2013
Net Income (loss) Attributable to Shareholders	\$ (11,826)	\$ 7,780	\$ 24,821
Weighted Average Shares Outstanding - Basic	67,039,439	53,502,873	53,502,873
Weighted Average Shares Outstanding - Diluted	67,039,439	53,502,873	53,502,873
Basic and Diluted EPS	\$ (0.18)	\$ 0.15	\$ 0.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

For the year ended December 31, 2015, 1,507 shares have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive.

17. COMMITMENTS AND CONTINGENCIES

In the normal course of business the Company and its subsidiaries may be involved in various claims, legal proceedings, or may enter into contracts that contain a variety of representations and warranties and which provide general indemnifications. Within the Company's Offshore Energy segment, a lessee has asserted that it is entitled to certain reimbursable expenses or adjustments per the terms of the related charter agreement. Although the Company believes it has strong defenses against these claims, the range of potential damages is \$0 to \$3,978. No amount has been recorded for this matter in the Company's consolidated financial statements as of December 31, 2015, and the Company will continue to vigorously defend against these claims. The Company's maximum exposure under other arrangements is unknown as no additional claims have been made. The Company believes the risk of loss in connection with such arrangements is remote.

In connection with the formation of MT6015, a consolidated VIE (Note 2), the joint venture partner is obligated to fund an additional equity contribution of \$11,925 and secure a charter for the vessel, at which time the Company would be obligated to contribute additional equity of \$11,925.

Two of the Company's subsidiaries are lessees under various operating and capital leases. Total rent expense for operating leases was \$3,717, \$1,556, and \$0 in years ended December 31, 2015, December 31, 2014, and December 31, 2013, respectively.

As of December 31, 2015, minimum future rental payments under these leases are as follows:

	December 31, 2015
2016	\$ 6,724
2017	5,853
2018	5,259
2019	4,853
2020	4,176
Thereafter	76,967
	<u>\$ 103,832</u>

18. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following table unaudited summary information of the Company's quarterly operations.

	Quarter Ended				Year Ended December 31
	March 31	June 30	September 30	December 31	
2015					
Total revenues	33,973	33,564	35,233	33,798	136,568
Total expenses	33,226	40,194	43,475	44,786	161,681
Total other income (expense)	1,425	1,626	(7,664)	1,681	(2,932)
(Loss) Income before income taxes	2,172	(5,004)	(15,906)	(9,307)	(28,045)
Provision for income taxes	230	266	150	(60)	586
Net (loss) income	1,942	(5,270)	(16,056)	(9,247)	(28,631)
Net loss attributable to non-controlling interests in consolidated subsidiaries	(3,506)	(4,433)	(4,318)	(4,548)	(16,805)
Net (loss) income attributable to shareholders	<u>5,448</u>	<u>(837)</u>	<u>(11,738)</u>	<u>(4,699)</u>	<u>(11,826)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollar amounts in thousands, unless otherwise noted)

(Loss) Earnings per Share:					
Basic	0.10	(0.01)	(0.16)	(0.06)	(0.18)
Diluted	0.10	(0.01)	(0.16)	(0.06)	(0.18)
Weighted Average Shares Outstanding:					
Basic	53,502,873	62,879,023	75,718,183	75,718,183	67,039,439
Diluted	53,502,873	62,879,023	75,718,183	75,718,183	67,039,439

	Quarter Ended				Year Ended
	March 31	June 30	September 30	December 31	December 31
2014					
Total revenues	7,696	10,735	16,080	23,419	57,930
Total expenses	7,496	15,302	17,733	27,482	68,013
Total other income	1,561	3,779	3,755	4,780	13,875
(Loss) Income before income taxes	1,761	(788)	2,102	717	3,792
Provision for income taxes	159	399	156	160	874
Net (loss) income	1,602	(1,187)	1,946	557	2,918
Net income (loss) attributable to non-controlling interests in consolidated subsidiaries	176	165	(2,085)	(3,118)	(4,862)
Net (loss) income attributable to shareholders	1,426	(1,352)	4,031	3,675	7,780

(Loss) Earnings per Share:					
Basic	0.03	(0.03)	0.08	0.07	0.15
Diluted	0.03	(0.03)	0.08	0.07	0.15
Weighted Average Shares Outstanding:					
Basic	53,502,873	53,502,873	53,502,873	53,502,873	53,502,873
Diluted	53,502,873	53,502,873	53,502,873	53,502,873	53,502,873

19. SUBSEQUENT EVENTS

On February 16, 2016, the Company terminated its lease arrangement related to its ROV Support Vessel and is currently pursuing a new lessee.

On March 1, 2016, the Company’s Board of Directors declared a cash dividend on its common stock of \$0.33 per share for the quarter ended December 31, 2015, payable on March 28, 2016 to the holders of record on March 18, 2016.

On March 7, 2016, the Port of Beaumont Navigation District of Jefferson County, Texas (the “District”) issued \$144.2 million of Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the “Series 2016 Bonds”). Proceeds from the issuance of the Series 2016 Bonds were used, in part, to reimburse Jefferson Railport Terminal II, LLC (“Jefferson Railport II”) for certain costs related to the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products (the “Facilities”) on behalf of the District. On March 8, 2016, in connection with the issuance and sale of such bonds, Jefferson Gulf Coast Energy Holdings, LLC and its subsidiaries prepaid all amounts outstanding under the Jefferson Terminal Credit Agreement and the Jefferson Terminal Credit Agreement was terminated.

Construction of the Facilities has occurred, and will occur, on property leased by the District to Jefferson Railport II pursuant to a First Amended and Restated Ground Lease between Jefferson Railport II, as lessee, and the District, as lessor. All such Facilities will be leased by the District to Jefferson Railport II pursuant to a Lease and Development Agreement between the District and Jefferson Railport II.

The Series 2016 Bonds are subject to mandatory tender for purchase at par on February 13, 2020 if they have not been repurchased from proceeds of a remarketing of the Series 2016 Bonds or redeemed prior to such date. In the event all of the Series 2016 Bonds are not repurchased from proceeds of a remarketing or redeemed at February 13, 2020, Jefferson Railport and Jefferson Railport Terminal II Holdings LLC (“Jefferson Holdings”), a Delaware limited liability company and parent of Jefferson Railport II, have agreed to purchase the Series 2016 Bonds from the Holders thereof at par pursuant to a Standby Bond Purchase Agreement. In addition, pursuant to the Standby Purchase Agreement, Jefferson Holdings will guarantee the payment of all Rent (as defined in the Facilities Lease) and all principal of and premium and interest on the Series 2016 Bonds payable prior to repurchase or redemption at February 13, 2020.

Under a Capital Call Agreement, the Company has agreed to make funds available to Jefferson Holdings in order to satisfy its obligation under the Standby Bond Purchase Agreement. The Capital Call Agreement contains certain covenants applicable to the Company, including a negative lien covenant regarding Aviation Assets, as well as maintenance of a minimum total asset value of Aviation Assets and minimum total equity of the Company.

On March 9, 2016, the Company consummated the sale of approximately 39,000 shipping containers that were subject to a direct finance lease with a major Asian shipping line. After the payoff of debt securing the containers, the Company received net proceeds of approximately \$25 million.

Independent Auditor's Report

To the Management of Intermodal Finance I Ltd:

We have audited the accompanying consolidated financial statements of Intermodal Finance I Ltd. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2015 and December 31, 2014 and the related consolidated statements of operations, comprehensive (loss) income, members' equity and cash flows for each of the three years in the period ended December 31, 2015.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Intermodal Finance I Ltd. and its subsidiaries as of December 31, 2015 and December 31, 2014 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information contained in the Other Financial Information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position or results of operations of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position or results of operations of the individual companies.

/s/ PricewaterhouseCoopers LLP
New York, New York
March 8, 2016

INTERMODAL FINANCE I LTD.

CONSOLIDATED BALANCE SHEETS

(dollar amounts in thousands)

	December 31,	
	2015	2014
Assets		
Cash and cash equivalents	\$ 4,796	\$ 5,214
Restricted cash	2,117	2,320
Accounts Receivable	1,153	1,051
Leasing assets, net of accumulated depreciation of \$7,305 and \$4,449, respectively	47,735	74,045
Finance Leases, net	34,261	62,393
Deferred costs, net of accumulated amortization of \$864 and \$602, respectively	1,060	1,524
Other assets	31	8
Total Assets	\$ 91,153	\$ 146,555
LIABILITIES		
Accounts payable and accrued liabilities	\$ 60	\$ 44
Management fees payable	80	92
Accrued interest payable	13	19
Accrued interest payable to affiliates	1	2
Term loan payable	65,564	97,727
Loans payable to affiliates	18,487	22,576
Syndication liabilities	3,201	5,152
Other liabilities	458	383
Total liabilities	87,864	125,995
Members' equity	3,289	20,560
Total liabilities and members' equity	\$ 91,153	\$ 146,555

See accompanying notes to consolidated financial statements.

INTERMODAL FINANCE I LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

(dollar amounts in thousands)

	Year Ended December 31,		
	2015	2014	2013
REVENUES			
Equipment leasing revenue	\$ 11,877	\$ 12,380	\$ 12,393
Finance revenue	4,145	7,951	12,482
Total revenues	16,022	20,331	24,875
EXPENSES			
Direct operating expenses	301	207	382
Management fee	992	1,527	1,389
Depreciation and amortization	3,659	2,416	2,415
Interest expense	3,077	4,477	6,117
Interest expense-affiliates	411	545	737
Impairment expense	20,604	—	—
General and administrative expense	509	600	657
Total expenses	29,553	9,772	11,697
OTHER (LOSS) INCOME			
Other income	247	45	6
Gain on early termination of finance lease	—	917	1,052
Loss on debt extinguishment	—	(119)	—
(Loss) gain on disposal of equipment	(766)	—	15
Total other (loss) income	(519)	843	1,073
NET (LOSS) INCOME	\$ (14,050)	\$ 11,402	\$ 14,251

See accompanying notes to consolidated financial statements.

INTERMODAL FINANCE I LTD.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

(dollar amounts in thousands)

	Year Ended December 31,		
	2015	2014	2013
Net (loss) income	\$ (14,050)	\$ 11,402	\$ 14,251
Other comprehensive income	—	—	—
Comprehensive (loss) income	\$ (14,050)	\$ 11,402	\$ 14,251

See accompanying notes to consolidated financial statements.

INTERMODAL FINANCE I LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollar amounts in thousands)

	Year Ended December 31,		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	\$ (14,050)	\$ 11,402	\$ 14,251
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,936	2,693	2,689
(Gain) on early termination of finance lease	—	(917)	(1,052)
(Gain) loss on disposal of equipment	766	—	(15)
Impairment of equipment held for lease	20,604	—	—
Change in:			
Accounts receivable	(102)	(267)	179
Other assets	(23)	7	(15)
Accounts payable and accrued liabilities	16	4	(157)
Accrued interest payable	(7)	(37)	(32)
Management fees payable	(12)	22	13
Other liabilities	75	379	(10)
Net cash provided by operating activities	11,203	13,286	15,851
CASH FLOWS FROM INVESTING ACTIVITIES:			
Principal collections on direct finance leases	28,132	40,082	42,961
Proceeds from early termination of finance lease	—	20,335	5,990
Proceeds from disposal of equipment	1,499	—	121
Restricted cash	203	1,115	70
Net cash provided by investing activities	29,834	61,532	49,142
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal repayments on term loan	(32,163)	(36,325)	(41,657)
Principal repayments on loans payable to affiliates	(4,089)	(8,634)	(8,846)
Principal repayments on syndication liabilities	(1,951)	(4,609)	(3,617)
Deferred financing fee	(31)	(15)	(50)
Capital distributions	(3,221)	(24,674)	(10,728)
Net cash used in financing activities	(41,455)	(74,257)	(64,898)
Net (decrease) increase in cash and cash equivalents	(418)	561	95
Cash and cash equivalents, beginning of year	5,214	4,653	4,558
Cash and cash equivalents, end of year	\$ 4,796	\$ 5,214	\$ 4,653
SUPPLEMENTAL DISCLOSURE:			
Cash paid for interest	\$ 3,217	\$ 4,782	\$ 6,613

See accompanying notes to consolidated financial statements.

INTERMODAL FINANCE I LTD.

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

(dollar amounts in thousands)

	WWTAI Container HoldCo Ltd	Deutsche Bank AG	Total
Members' Equity at December 31, 2013	\$ 16,828	\$ 17,004	\$ 33,832
Capital distributions	(12,587)	(12,087)	(24,674)
Comprehensive income:			
Net income for the period	5,815	5,587	11,402
Other comprehensive income	—	—	—
Total comprehensive income	5,815	5,587	11,402
Members' Equity at December 31, 2014	10,056	10,504	20,560
Capital distributions	(1,643)	(1,578)	(3,221)
Comprehensive income:			
Net loss for the period	(7,166)	(6,884)	(14,050)
Other comprehensive income	—	—	—
Total comprehensive loss	(7,166)	(6,884)	(14,050)
Members' Equity at December 31, 2015	\$ 1,247	\$ 2,042	\$ 3,289

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, unless otherwise noted)

1. ORGANIZATION

Intermodal Finance I Ltd. (“Intermodal Finance”) is a Cayman Islands limited liability company which was formed on August 21, 2012 for the object and purpose of, directly or indirectly, investing in portfolios of shipping containers subject to operating leases or direct financing leases, and engaging in all activities incidental hereto.

The members of Intermodal Finance are WWTAI Container HoldCo Ltd., with a 51% interest, and Deutsche Bank AG, Cayman Islands Branch, with a 49% interest. Intermodal Finance shall continue in existence until such time as its members determine upon its winding up and dissolution. Intermodal Finance commenced operations on September 5, 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—The accompanying consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and include the accounts of Intermodal Finance and its subsidiaries. Intermodal Finance consolidates those entities which it has an investment of 50% or more and in which it has control over significant operating decisions, as well as variable interest entities in which Intermodal Finance is the primary beneficiary. All significant intercompany transactions and balances have been eliminated.

Intermodal Finance holds a variable interest in WWTAI Container 1 Ltd (“Container 1”), an entity which holds an investment in four direct finance leases, and has determined that it is the primary beneficiary of Container 1. Accordingly, Intermodal Finance consolidates Container 1 (collectively, the “Company”).

Reclassifications—Certain prior period amounts have been reclassified to conform to current period presentation.

Use of Estimates—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risks and Uncertainties—In the normal course of business, the Company may encounter two significant types of economic risk: credit risk and market risk. Credit risk is the risk of default on leases, loans, securities or derivatives, as applicable, which results from the inability or unwillingness of a lessee, borrower, or derivative counterparty to make required or expected payments. Market risk reflects changes in the value of leasing assets (including residual value estimates), loans, securities or derivatives, as applicable, due to changes in interest rates or other market factors, including the value of the collateral underlying loans and the valuation of equity and debt securities. The Company conducts operations outside of the United States; such international operations are subject to risks, such as unexpected changes in regulatory requirements, heightened risk of political and economic instability, potentially adverse tax consequences and the burden of complying with foreign laws.

Cash and Cash Equivalents—The Company considers all highly liquid short-term investments with a maturity of 90 days or less when purchased to be cash equivalents. Substantially all of the Company’s amounts on deposit with major financial institutions exceed insured limits.

Restricted Cash—Restricted cash consists of cash held in segregated accounts pursuant to the requirements of the Company’s Term Loan agreement (Note 4).

Deferred Costs and Amortization—Deferred financing costs incurred in connection with the Term Loan are amortized over the seven year term of the underlying loan. Amortization expense for the year ended December 31, 2015, 2014 and 2013 was approximately \$277 thousand, \$277 thousand and \$274 thousand, respectively.

Deferred costs also include a commission paid to a third party in connection with the acquisition and leaseback of a portfolio of shipping containers. This commission is being amortized using the straight line method over the term of the underlying lease. Amortization expense for the year ended December 31, 2015, 2014 and 2013 was approximately \$217 thousand, \$248 thousand and \$245 thousand, respectively.

Direct Finance Leases—Direct finance leases are recorded at the aggregated future minimum lease payments, including any bargain or economically compelled purchase options granted to the customer, less unearned income.

Leasing Equipment—Shipping containers held for lease are stated at initial cost and are depreciated on a straight-line basis to an estimated residual value over a 15 year useful life from date of manufacture. The shipping containers owned by the Company are being depreciated over remaining useful lives ranging from 0.5 to 2.5 years. Depreciation expense for the years ended December 31, 2015, 2014 and 2013 was approximately \$3,442 thousand, \$2,168 thousand and \$2,170

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, unless otherwise noted)

thousand, respectively.

The Company recognizes repair and maintenance costs that do not extend the lives of the assets as incurred and includes them as a component of direct operating expenses in the consolidated statement of operations.

The Company performs a recoverability assessment of shipping container portfolios at least annually. In addition, a recoverability assessment is performed whenever events or changes in circumstances, or indicators, indicate that the carrying amount or net book value of an asset may not be recoverable. Indicators may include, but are not limited to, a decline in demand for the types of equipment owned by the Company, or other indicators of obsolescence. When performing a recoverability assessment, the Company measures whether the estimated future undiscounted net cash flows expected to be generated by the equipment exceed its net book value. The undiscounted cash flows consist of cash flows from currently contracted leases, future projected lease rates, transition costs, estimated down time and estimated residual or scrap values for the equipment. In the event that the equipment does not meet the recoverability test, the carrying value of the equipment will be adjusted to fair value resulting in an impairment charge.

Management of the Company develops the assumptions used in the recoverability analysis based on its knowledge of active lease contracts, current and future expectations of the global demand for a particular container type and historical experience in the container leasing market, as well as information received from third party industry sources. The factors considered in estimating the undiscounted cash flows are impacted by changes in future periods due to changes in contracted lease rates, residual values, economic conditions, technology, demand for a particular container type and other factors. In the event that the portfolio does not meet the recoverability test, the carrying value will be adjusted to fair value based on a discounted cash flow analysis, resulting in an impairment charge.

On September 30, 2015, Intermodal Finance I, Ltd. recorded an impairment charge of \$20,604, which resulted from certain operating leases not being renewed and containers being returned at a faster pace than expected. Additionally, due to challenging market conditions for shipping containers, a limited number of the returned containers were sold at values lower than previously estimated.

Revenue Recognition—The Company leases shipping containers pursuant to operating leases. Operating leases with fixed rentals and step rentals are recognized on a straight-line basis over the term of the initial lease, assuming no renewals.

The Company determines the provision for doubtful accounts based on its assessment of the collectability of its receivables on a customer-by-customer basis and places a likelihood of default percentage on each delinquent account individually. Changes in economic conditions may require a re-assessment of the risk and could result in increases or decreases in the allowance for doubtful accounts. At December 31, 2015, 2014 and 2013, there were no provisions for doubtful accounts on the Company's accounts receivable.

The Company also holds a portfolio of direct finance lease receivables. In most instances, the leases include a bargain purchase option to purchase the leased equipment at the end of the lease term. Net investment in direct finance leases represents the receivables due from lessees, net of unearned income. The lease payments are segregated into principal and interest components similar to a loan. Unearned income is recognized on an effective interest method over the life of the lease term and is recorded as finance revenue in the consolidated statement of operations. The principal component of the lease payment is reflected as a reduction to the net investment in direct finance leases.

Expense Recognition—The Company recognizes expenses as incurred on an accrual basis.

Comprehensive Income—Comprehensive income consists of net income and other gains and losses, net of tax, if any, affecting shareholders' equity that, under GAAP, are excluded from net income. Such amounts include the changes in the fair value of derivative instruments, reclassification into the earnings of amounts previously deferred relating to the derivative instruments and foreign currency translation gains and losses. For the year ended December 31, 2015, 2014, and 2013, there were no differences between the Company's comprehensive income and the net income as presented in the consolidated statement of operations.

Foreign Currency—The Company's functional and reporting currency is the U.S. dollar. Purchases and sales of assets and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. Differences between these recorded amounts and the U.S. dollar equivalent actually received or paid are reported as net realized foreign currency gains or losses.

Federal Income Taxes—No income taxes have been provided for in these consolidated financial statements as each investor in the Company is individually responsible for reporting income or loss based upon its respective share of the Company's income and expenses as reported for income tax purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, unless otherwise noted)

There are no uncertain tax positions that would require recognition in the consolidated financial statements. The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The income tax returns filed by the Company are subject to examination by the U.S. Federal and state tax authorities.

Distributions and Allocations to Members—Distributions to members are recorded when paid or, in the case of an in-kind distribution, when distributed. The character of distributions made during the reporting period may differ from their ultimate characterization for federal income tax purposes due to book/tax differences in the character of income and expense recognition. Distributions and allocations are determined with respect to each member, as defined by and in accordance with the operating agreement.

Concentration of Credit Risk—The Company is subject to concentrations of credit risk with respect to amounts due from customers on its direct finance leases and operating leases. The Company attempts to limit its credit risk by performing ongoing credit evaluations. The Company's three largest customers represented approximately 15%, 15%, 11%, and 4%, 16%, 11% (direct finance lease customers) and 74%, 58% and 47% (operating lease customer), respectively, of revenues for the years ended December 31, 2015, 2014 and 2013. Based on the in-place operating lease contract at December 31, 2015, 2014 and 2013, the maximum amount of loss the Company would incur if the operating lease customer failed completely to perform according to the terms of the lease would be approximately \$8,431, \$13,479 and \$25,900 million, respectively. As it relates to the Company's direct finance lease portfolio, the three largest customers account for approximately 68%, 14%, and 11%, 56%, 14% and 11% and 37%, 24% and 11%, of the outstanding principal at December 31, 2015, 2014 and 2013, respectively. If any of these customers were to default, the Company would seek to recover the equipment securing the lease, with a view towards either selling or re-leasing the equipment. To date, the Company has not experienced any losses related to direct finance leases and does not expect future uncollectible amounts related to the principal balances receivable.

Deterioration in credit quality of several of the Company's major customers could have an adverse effect on its consolidated financial position and operating results. Management does not believe significant risk exists in connection with the Company's concentrations of credit as of December 31, 2015, 2014 and 2013.

Unadopted Accounting Pronouncements—The FASB has recently issued or discussed a number of proposed standards on such topics as financial instruments and hedging. Some of the proposed changes are significant and could have a material impact on the Company's financial reporting. The Company has not yet fully evaluated the potential impact of these proposals, but will make such an evaluation as the standards are finalized.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("ASU-2014-09") which provides a single comprehensive model for recognizing revenue from contracts with customers and supersedes existing revenue recognition guidance. The new standard requires that a company recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Companies will need to use more judgment and estimates than under the guidance currently in effect, including estimating the amount of variable revenue to recognize over each identified performance obligation. Additional disclosures will be required to help users of financial statements understand the nature, amount and timing of revenue and cash flows arising from contracts. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, to defer the effective date of ASU 2014-09 by one year, making it effective for annual reporting periods beginning after December 15, 2017 while also providing for early adoption but not before the original effective date. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, *Amendments to the Consolidation Analysis* ("ASU 2015-02"). ASU 2015-02 amends the consolidation guidance for VIEs and general partners' investments in limited partnerships and modifies the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. ASU 2015-02 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, *Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The guidance is effective for reporting periods beginning after December 15, 2015 and interim periods within those fiscal years with early adoption permitted. ASU 2015-03 should be applied on a retrospective basis, wherein the balance sheet of each period presented should be adjusted to reflect the effects of adoption. The Company will adopt ASU 2015-03 as

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, unless otherwise noted)

of January 1, 2016. Upon adoption, the Company will revise its balance sheet to present debt issuance costs as a direct deduction from Debt rather than within Other Assets.

In August 2015, the FASB issued ASU No. 2015-15, *Interest - Imputation of Interest (Subtopic 835-30)* ("ASU 2015-15"). ASU 2015-15 provides further guidance related to the presentation or subsequent measurement of debt issuance costs related to line-of-credit arrangements. ASU 2015-15 allows companies to defer and present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings of the line-of-credit arrangement. The guidance is effective for reporting periods beginning after December 15, 2015 and interim periods within those fiscal years with early adoption permitted. The Company does not expect the adoption of this guidance to have a material impact on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* ("ASU 2016-01"). ASU 2016-01 requires (i) equity investments, except those accounted for under the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net income, (ii) public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and (iii) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset. ASU 2016-01 also eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 will be effective beginning in the first quarter of 2019, with early adoption permitted. ASU 2016-02 requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

3. SHIPPING CONTAINER PORTFOLIOS

Direct Finance Lease Portfolio-On September 5, 2012, the Company acquired a portfolio of 28 direct finance leases ("DFL's") representing 10 customers and comprising approximately 97,500 shipping containers for a net purchase price of \$165,149. At the date of acquisition, the DFL's had remaining terms ranging from 5 months to 5.33 years. At the date of acquisition, the remaining outstanding balance of the DFL's was approximately \$202,800, of which four of the DFL's were subject to non-recourse syndication liabilities to third parties having an aggregate outstanding balance of approximately \$21,800 (Note 5). In accordance with ASC 805, *Business Combinations*, the Company allocated the purchase price to the acquired assets and assumed liabilities based upon their relative fair values, as follows:

DFL receivables	\$	184,681
Cash		471
Accounts payable		(471)
Syndication liabilities		(19,532)
Total	\$	165,149

In September 2014, one of the DFL lessees completed an early buy-out of its obligations under three DFL's for a payment of \$20,335. Such amount exceeded the carrying values of these DFL's by \$917, which has been recorded as a gain on early termination of finance lease in the accompanying consolidated statement of operations.

In March 2013, one of the DFL lessees completed an early buy-out of its obligations under the DFL for a payment of \$5,990. Such amount exceeded the carrying value by \$1,052, which has been recorded as a gain on early termination of finance lease in the accompanying consolidated statement of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, unless otherwise noted)

The components of the Company's net investment in direct financing leases are comprised as follows:

	December 31,	
	2015	2014
Minimum lease payments	\$ 38,323	\$ 70,326
Less: Unearned income	(4,062)	(7,933)
Net investment in direct finance leases	\$ 34,261	\$ 62,393

At December 31, 2015, future minimum lease payments to be received under direct finance leases are as follows:

2016	\$ 19,579
2017	11,110
2018	6,002
2019	1,632
Total	\$ 38,323

Operating Lease Portfolio-On December 17, 2012, the Company acquired a portfolio of approximately 38,300 shipping containers for a purchase price of approximately \$78,600 and simultaneously leased them back to the seller pursuant to nine separate operating leases having terms ranging from 27 months to 42 months. Pursuant to ASC 805-50, the entire purchase price was allocated to the underlying shipping containers.

Minimum future annual lease rentals to be received pursuant to operating leases of shipping containers at December 31, 2015 are as follows:

2016	\$ 7,808
2017	623
Total	\$ 8,431

4. DEBT

Term Loan Payable

On September 5, 2012, the Company entered in to a Term Loan Agreement (the "Term Loan") with Deutsche Bank AG, Cayman Islands Branch (the "Lender") for an initial aggregate amount of \$125,000 in connection with the acquisition of a portfolio of shipping containers subject to direct finance leases. On December 17, 2012 the Term Loan was amended to provide for an additional borrowing of \$53,000 which was used in connection with the acquisition of a portfolio of shipping containers subject to operating leases. Borrowings under the Term Loan bear interest at either (i) LIBOR plus 3% or (ii) a Base Rate (equal to the higher of the Prime Rate or the Federal Funds Rate, plus 0.50%) plus a spread of 0.25%. In addition, an administrative agent fee calculated at a rate of 0.50% per annum is also payable. In April 2013, the administrative agent fee rate was reduced to 0.25%. In October 2014, the LIBOR spread was reduced to 2.75%. All borrowings under the Term Loan as of December 31, 2015 and 2014 were LIBOR based borrowings and the interest rate at December 31, 2015 and 2014 was approximately 2.97% and 2.91%, respectively (exclusive of the administrative agent fee). The Term Loan requires monthly payments of interest, administrative agent fees and scheduled amortization payments through its maturity on September 25, 2019. The Term Loan is secured by the Company's interest in the shipping containers and related direct finance leases and operating lease agreements. Interest expense on the Term Loan for year ended December 31, 2015, 2014 and 2013 was \$2,459, 3,758 and \$5,000, respectively, exclusive of administrative agent fees of \$210, \$304 and \$515, respectively.

Pursuant to the Term Loan agreement, amounts realized by the Company from its operations during each Collection Period, as defined, are accumulated as restricted cash in a Collection Account for disbursement according to payment priorities specified in the Term Loan agreement. Residual amounts remaining in the Collection Account after payment of required obligations are released to the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, unless otherwise noted)

At December 31, 2015, scheduled principal repayments under the Term Loan for the next five years are summarized as follows:

2016	\$	20,887
2017		12,276
2018		5,969
2019		21,039
2020		5,393
Total	\$	65,564

Class B Term Loan Payable to Affiliates

On September 5, 2012, the Company entered in to a Class B Term Loan Agreement (the "Class B Loan") with its members, pursuant to which it borrowed an initial aggregate amount of \$25,000 in connection with the acquisition of a portfolio of shipping containers subject to direct finance leases. On December 17, 2012 the Class B Loan was amended to provide for an additional borrowing of approximately \$15,100 which was used in connection with the acquisition of a portfolio of shipping containers subject to operating leases. Borrowings under the Class B Loan are unsecured and bear interest at a rate of 2%. Interest expense on the Class B Loan for the year ended December 31, 2015, 2014 and 2013 was approximately \$411, \$545 and \$737, respectively. Payments of principal and interest on the Class B Loan are subject to the available cash flow of the Company remaining in the Collection Account after satisfaction of senior payment priorities as delineated in the Term Loan agreement. The Class B Loan matures on September 25, 2017, at which time all remaining balances of principal and accrued interest are due.

Remaining scheduled principal repayments under the Class B Loan are summarized as follows:

2016	\$	1,085
2017		17,402
Total	\$	18,487

5. SYNDICATION LIABILITIES

In connection with the acquisition of the DFL's in September 2012, the Company assumed syndication liabilities to third parties relating to four of the acquired DFL contracts. The syndication liabilities have remaining terms equal to the remaining terms of the associated DFL contracts, which had ranges from 28 months to 42 months. The acquisition date fair value ascribed to these obligations was approximately \$19,500. Interest on the syndication liabilities is recognized using the effective interest method at rates which range from 2.30% to 4.44%. Interest expense recognized on the syndication liabilities amounted to approximately \$342, \$561 and \$845 during the year ended December 31, 2015, 2014 and 2013. The obligations pursuant to these arrangements are non recourse to the Company and the sole source of payment for these obligations is the cash flows generated from the underlying DFL contracts.

In September 2014, in connection with the early termination of three DFL's, the Company settled the associated liabilities related to the syndication holder in those DFL contracts and extinguished the liabilities at their nominal value of approximately \$2,136. The amount paid exceeded the carrying value by approximately \$119, accordingly such amount has been reflected in the accompanying statement of operations as a loss on extinguishment of debt.

Scheduled repayments of the syndication liabilities for the remaining terms of the associated DFL contracts summarized as follows:

2016	\$	1,994
2017		1,207
Total	\$	3,201

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollar amounts in thousands, unless otherwise noted)

6. MANAGEMENT AGREEMENT

The Company has engaged Container Leasing International LLC (the “Manager”) to manage and administer its DFL portfolio pursuant to a management agreement having an initial term of 10 years and providing for three additional extension terms of one-year each. Pursuant to the management agreement, the Manager receives (i) a base monthly fee equal to 1.5% of payments received on the DFL contracts and is entitled to receive additional fees, as applicable, equal to (a) 5% of the sum of net sales proceeds and casualty proceeds for containers which have been sold or lost and (b) a recovery fee of 25 dollars for each container recovered by the Manager following the occurrence of a lessee default under a DFL contract and (ii) a base monthly fee equal to (a) 4% of the Net Operating Income, as defined, of the containers subject to operating leases and an additional fee of 5% of the net sales proceeds from the sale or disposal of containers subject to operating leases.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

In assessing the fair value of financial instruments, the Company applies the provisions included in ASC 820 “*Fair Value Measurements and Disclosures*.” ASC 820 provides that fair value is a market-based measurement, not an entity-specific measurement. It further clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. ASC 820 requires the use of valuation techniques to measure fair value that maximize the use of observable inputs and minimize use of unobservable inputs. These inputs are prioritized as follows:

- Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities in active markets and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Unobservable inputs for which there is little or no market data and which require internal development of assumptions about how market participants price the asset or liability.

The Company’s financial instruments consist principally of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities, term loan payable, loans payable to affiliates and syndication liabilities. The fair value of cash and cash equivalents, restricted cash, accounts receivable and accounts payable and accrued liabilities approximates their carrying values because of their short term nature.

The fair value of the term loan payable is based on inputs classified as Level 2 in the fair value hierarchy and approximates its carrying value because such loan bears interest at a floating market rate for similar types of loans.

The fair value of loans payable to affiliates is based on inputs classified as Level 2 in the fair value hierarchy and approximates its carrying value as such loans bear interest at market rate for similar types of instruments.

8. SUBSEQUENT EVENTS

The Company has evaluated whether any material events have occurred subsequent to the balance sheet date through March 9, 2016 the date the consolidated financial statements were available to be issued.

OTHER FINANCIAL INFORMATION

Intermodal Finance I Ltd.
Consolidating Balance Sheet
(dollar amounts in thousands)
December 31, 2015

	Intermodal Finance I Ltd	WWTAI Container I Ltd	Eliminations	Consolidated Intermodal Finance I Ltd
ASSETS				
Cash and cash equivalents	\$ 1,544	\$ 3,252	\$ —	\$ 4,796
Restricted cash	2,117	—	—	2,117
Accounts receivable	1,153	—	—	1,153
Leasing equipment, net of accumulated depreciation of \$7,305	47,735	—	—	47,735
Net investment in direct finance leases	10,713	23,548	—	34,261
Deferred costs, net of accumulated amortization of \$864	1,060	—	—	1,060
Other assets	31	—	—	31
Due from affiliates	23,599	—	(23,599)	—
Total assets	\$ 87,952	\$ 26,800	\$ (23,599)	\$ 91,153
LIABILITIES				
Accounts payable and accrued liabilities	\$ 60	\$ —	\$ —	\$ 60
Management fees payable	80	—	—	80
Accrued interest payable	13	—	—	13
Accrued interest payable to affiliates	1	—	—	1
Term loan payable	65,564	—	—	65,564
Loans payable to affiliates	18,487	—	—	18,487
Syndication liabilities	—	3,201	—	3,201
Other liabilities	458	—	—	458
Due to affiliate	—	23,599	(23,599)	—
Total liabilities	84,663	26,800	(23,599)	87,864
Members' equity	3,289	—	—	3,289
Total liabilities and members' equity	\$ 87,952	\$ 26,800	\$ (23,599)	\$ 91,153

Intermodal Finance I Ltd.
Consolidating Balance Sheet
(dollar amounts in thousands)
December 31, 2014

	Intermodal Finance I Ltd	WWTAI Container I Ltd	Eliminations	Consolidated Intermodal Finance I Ltd
ASSETS				
Cash and cash equivalents	\$ 1,573	\$ 3,641	\$ —	\$ 5,214
Restricted cash	2,320	—	—	2,320
Accounts receivable	1,051	—	—	1,051
Leasing equipment, net of accumulated depreciation of \$4,449	74,045	—	—	74,045
Net investment in direct finance leases	22,940	39,453	—	62,393
Deferred costs, net of accumulated amortization of \$602	1,524	—	—	1,524
Other assets	8	—	—	8
Due from affiliates	37,561	—	(37,561)	—
Total assets	\$ 141,022	\$ 43,094	\$ (37,561)	\$ 146,555
LIABILITIES				
Accounts payable and accrued liabilities	\$ 44	\$ —	\$ —	\$ 44
Management fees payable	92	—	—	92
Accrued interest payable	19	—	—	19
Accrued interest payable to affiliates	2	—	—	2
Term loan payable	97,727	—	—	97,727
Loans payable to affiliates	22,576	—	—	22,576
Syndication liabilities	—	5,152	—	5,152
Other liabilities	2	381	—	383
Due to affiliate	—	37,561	(37,561)	—
Total liabilities	120,462	43,094	(37,561)	125,995
Members' equity	20,560	—	—	20,560
Total liabilities and members' equity	\$ 141,022	\$ 43,094	\$ (37,561)	\$ 146,555

Intermodal Finance I Ltd.
Consolidating Statement of Operations
(dollar amounts in thousands)
Year Ended December 31, 2015

	Intermodal Finance I Ltd	WWTAI Container I Ltd	Eliminations	Consolidated Intermodal Finance I Ltd
REVENUES				
Equipment leasing revenue	\$ 11,877	\$ —	\$ —	\$ 11,877
Finance revenue	1,490	2,655	—	4,145
Participation income-affiliate	2,080	—	(2,080)	—
Total revenues	15,447	2,655	(2,080)	16,022
EXPENSES				
Direct operating expenses	106	195	—	301
Management fee	992	—	—	992
Depreciation and amortization	3,659	—	—	3,659
Interest expense	2,735	342	—	3,077
Interest expense-affiliates	411	—	—	411
General and administrative expense	471	38	—	509
Impairment expense	20,604	—	—	20,604
Participation expense-affiliate	—	2,080	(2,080)	—
Total expenses	28,978	2,655	(2,080)	29,553
OTHER (LOSS) INCOME				
Other income	247	—	—	247
Loss on disposal of equipment	(766)	—	—	(766)
Total other (loss) income	(519)	—	—	(519)
NET LOSS	\$ (14,050)	\$ —	\$ —	\$ (14,050)

Intermodal Finance I Ltd.
Consolidating Statement of Operations
(dollar amounts in thousands)
Year Ended December 31, 2014

	Intermodal Finance I Ltd	WWTAI Container I Ltd	Eliminations	Consolidated Intermodal Finance I Ltd
REVENUES				
Equipment leasing revenue	\$ 12,380	\$ —	\$ —	\$ 12,380
Finance revenue	4,444	3,507	—	7,951
Participation income-affiliate	3,300	—	(3,300)	—
Total revenues	20,124	3,507	(3,300)	20,331
EXPENSES				
Direct operating expenses	—	207	—	207
Management fee	1,527	—	—	1,527
Depreciation and amortization	2,416	—	—	2,416
Interest expense	4,035	442	—	4,477
Interest expense-affiliates	545	—	—	545
General and administrative expense	528	72	—	600
Participation expense-affiliate	—	3,300	(3,300)	—
Total expenses	9,051	4,021	(3,300)	9,772
OTHER INCOME				
Other income	—	45	—	45
Gain on early termination of finance lease	329	588	—	917
Loss on debt extinguishment	—	(119)	—	(119)
Total other income	329	514	—	843
NET INCOME	\$ 11,402	\$ —	\$ —	\$ 11,402

Intermodal Finance I Ltd.
Consolidating Statement of Operations
(dollar amounts in thousands)
Year Ended December 31, 2013

	Intermodal Finance I Ltd	WWTAI Container I Ltd	Eliminations	Consolidated Intermodal Finance I Ltd
REVENUES				
Equipment leasing revenue	\$ 12,393	\$ —	\$ —	\$ 12,393
Finance revenue	5,723	6,759	—	12,482
Participation income-affiliate	5,524	—	(5,524)	—
Total revenues	23,640	6,759	(5,524)	24,875
EXPENSES				
Direct operating expenses	—	382	—	382
Management fee	1,389	—	—	1,389
Depreciation and amortization	2,415	—	—	2,415
Interest expense	5,273	844	—	6,117
Interest expense-affiliates	737	—	—	737
General and administrative expense	648	9	—	657
Participation expense-affiliate	—	5,524	(5,524)	—
Total expenses	10,462	6,759	(5,524)	11,697
OTHER INCOME				
Gain on early termination of finance lease	1,052	—	—	1,052
Gain on disposal of equipment	15	—	—	15
Other income	6	—	—	6
Total other income	1,073	—	—	1,073
NET INCOME	\$ 14,251	\$ —	\$ —	\$ 14,251

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”)) as of December 31, 2015. Based on such evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of December 31, 2015.

Changes in Internal Control over Financial Reporting

In addition, no change in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) occurred during the fourth quarter of the fiscal year covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting and Report of Independent Registered Public Accounting Firm

This annual report does not include a report of management's assessment regarding internal control over financial reporting or an attestation report of our registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

Item 9B. Other Information

Jefferson Terminal Financing

On March 7, 2016, the Port of Beaumont Navigation District of Jefferson County, Texas (the “District”) issued \$144.2 million of Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the “Series 2016 Bonds”). Proceeds from the issuance of the bonds will be used (i) to pay for the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products, which have been or will be constructed on behalf of the District by Jefferson Railport Terminal II LLC (“Jefferson Railport”), a majority-owned subsidiary of Fortress Transportation and Infrastructure Investors LLC (the “Company”), (ii) pay capitalized interest on a portion of the Series 2016 Bonds and (iii) pay certain costs of issuance of the Series 2016 Bonds.

Indenture

On March 7, 2016, the District and The Bank of New York Mellon Trust Company, National Association (the “Trustee”), entered into a Trust Indenture and Security Agreement, dated as of February 1, 2016 (the “Indenture”), pursuant to which the Series 2016 Bonds were issued. The Series 2016 Bonds have a stated maturity of February 1, 2036 and bear interest at a rate of 7.25% during the initial rate period ending February 13, 2020 (the “Initial Bonds Remarketing Date”). Interest on the Series 2016 Bonds is payable beginning on August 1, 2016, and on each February 1 and August 1 thereafter.

The Series 2016 Bonds are subject to mandatory tender for purchase at par on the Initial Bonds Remarketing Date if they have not been repurchased with proceeds of a remarketing on such date or previously redeemed or defeased, as further described below.

The Series 2016 Bonds are subject to optional redemption during the period commencing August 1, 2019, and ending on the Initial Bonds Remarketing Date, at the option of the District, at a price equal to par plus a premium, as described in the Indenture.

The Indenture contains customary events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the Series 2016 Bonds to become or to be declared due and payable.

The District's obligations with respect to the Series 2016 Bonds are limited. The District is under no obligation to pay any portion of the purchase price of the Series 2016 Bonds subject to tender on the Initial Bonds Remarketing Date, other than from funds provided from a successful remarketing of the Series 2016 Bonds or funds provided under the Standby Bond Purchase Agreement, as further described below.

Standby Bond Purchase Agreement

On March 7, 2016, the District, the Trustee, and Jefferson Railport Terminal II Holdings LLC, a majority-owned subsidiary of the Company and parent of Jefferson Railport (“Jefferson Holdings”) and Jefferson Railport entered into the Standby Bond

Purchase Agreement, dated as of February 1, 2016. Pursuant to the Standby Bond Purchase Agreement, in the event all of the Series 2016 Bonds are not repurchased from the proceeds of a remarketing or redeemed or defeased on or before the Initial Bonds Remarketing Date, Jefferson Railport and Jefferson Holdings have agreed to purchase the Series 2016 Bonds from the holders thereof at par. In addition, pursuant to the Standby Bond Purchase Agreement, Jefferson Holdings has agreed to guarantee the payment of all principal of and premium and interest on the Series 2016 Bonds payable prior to repurchase or redemption on the Initial Bonds Remarketing Date and certain amounts due pursuant to the Facilities Lease. Pursuant to the Standby Bond Purchase Agreement, Jefferson Railport agreed to certain special purpose entity covenants, which require Jefferson Railport to operate in a manner designed to preserve its separateness from the business and affairs of FTAI Energy (as defined below), its member or any affiliate of FTAI Energy. The operating agreement of Jefferson Holdings also contains special purpose entity restrictions in order to preserve its bankruptcy remote entity status. The Standby Bond Purchase Agreement terminates on the earliest of (i) the repurchase of all, but not less than all, Series 2016 Bonds with proceeds of a remarketing, a redemption or a defeasance, (ii) the date that there are no Series 2016 Bonds outstanding and (iii) the third business day after the Initial Bonds Remarketing Date (provided no default by the purchasers has occurred and is continuing thereunder).

Capital Call Agreement

On March 7, 2016, the Company, FTAI Energy Holdings LLC (“FTAI Holdings”), FTAI Partner Holdings LLC, FTAI Midstream GP Holdings LLC, FTAI Midstream GP LLC, FTAI Midstream Holdings LLC, FTAI Energy Partners LLC (“FTAI Energy”) (each majority-owned subsidiaries of the Company) and Jefferson Holdings entered into a Capital Call Agreement, dated as of February 1, 2016. Pursuant to the Capital Call Agreement, the Company and its subsidiaries party thereto, other than Jefferson Holdings, jointly and severally agreed to make funds available to Jefferson Holdings to enable Jefferson Holdings to satisfy its obligations under the Standby Bond Purchase Agreement. The Capital Call Agreement contains certain covenants applicable to the Company, including a negative pledge covenant which prohibits the Company from incurring any liens securing indebtedness for borrowed money or capital leases on any asset of its subsidiaries that hold aviation assets (the “Aviation Subsidiaries”), a covenant that the Company will maintain on a consolidated basis “Total equity” that is not less than two times the aggregate principal of and interest payable on or before the Initial Bonds Remarketing Date on the Series 2016 Bonds, and a covenant that the Company will maintain on a consolidated basis an aggregate book value of assets constituting “Total assets” in the Company’s Aviation Leasing segment (or a successor segment), that is no less than (i) the aggregate principal of and interest payable on or before the Initial Bonds Remarketing Date on the Bonds, and all third-party costs, expenses and fees related to the Series 2016 Bonds payable as rent under the Facilities Lease, less (ii) any cash held in a separate account created to hold such funds on the date of determination. In the event that the Company and its Aviation Subsidiaries are not in compliance with the covenants described above, under certain circumstances the Company will be required to deposit cash into a separate account pledged to and held by the Trustee for the benefit of holders of the Series 2016 Bonds. The Capital Call Agreement terminates upon the date that is the earlier of (i) the date on which Jefferson Holdings receives funds directly or indirectly from the Company sufficient to satisfy its obligations under the Standby Bond Purchase Agreement, (ii) the termination of the Standby Bond Purchase Agreement in accordance with its terms and (iii) the third business day after the Initial Bonds Remarketing Date.

Fee and Support Agreement

On March 7, 2016, the Company also entered into an intercompany arrangement (the “Fee and Support Agreement”), with FTAI Holdings, FEP Terminal Holdings LLC, an affiliate of the Company (“FEP”), FTAI Energy and Jefferson Railport, pursuant to which FTAI Holdings and FEP covenanted and agreed, severally but not jointly, to be responsible on a pro rata basis (based on their relative equity ownership in FTAI Energy) for Jefferson Railport’s and Jefferson Holdings’ monetary obligations under the Standby Bond Purchase Agreement, in exchange for which FTAI Holdings and FEP will receive a fee from FTAI Energy of approximately \$6.9 million to be shared by FTAI Holdings and FEP on the same pro rata basis. The Fee and Support Agreement was entered into by the Company, FTAI Holdings and FEP, respectively, in their capacity as existing equityholders of Jefferson Railport, and no consideration was paid to or received by or between any of them (except for the \$6.9 million fee referenced above). Wesley Edens, the Chairman of the Board of the Company and Co-Chairman and Principal of Fortress Investment Group LLC (“Fortress”), an affiliate of which is the manager of the Company, and Randal Nardone, the Chief Executive Officer, director and a Principal of Fortress, are currently the seed investors in FEP. The Fee and Support Agreement provides that in no event shall any provision of such agreement limit the Company’s obligations pursuant to the Capital Call Agreement. The Fee and Support Agreement terminates upon the earlier of (i) the date on which Jefferson Holdings receives funds directly or indirectly from the Company sufficient to satisfy its obligations under the Standby Bond Purchase Agreement, (ii) the termination of the Standby Bond Purchase Agreement in accordance with its terms, (iii) the third business day after the Initial Bonds Remarketing Date and (iv) such other date on which all parties to the Fee and Support Agreement shall consent in writing to the termination of the Fee and Support Agreement. The Fee and Support Agreement was unanimously approved by the independent directors of the Company. Amounts payable to FTAI Holdings and FEP under the Fee and Support Agreement are expected to be paid in the form of additional indebtedness under an existing intercompany credit agreement between a subsidiary of FTAI Energy, as borrower, and a jointly owned subsidiary of FTAI Holdings and FEP, as lender. Amounts outstanding under such credit agreement bear interest at a rate of 12% per annum. The credit agreement matures on January 2, 2017.

Facilities Lease

On March 7, 2016, in connection with the issuance of the Series 2016 Bonds, Jefferson Railport and the District entered into a Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016 (the “Facilities Lease”), whereby Jefferson Railport agreed to construct certain petroleum transport, loading, unloading, and storage facilities using proceeds from the Series 2016 Bonds and was granted the right to operate such facilities for a term expiring July 31, 2063, with the right to purchase such facilities at fair market value at any time during the term of the Facilities Lease, provided that if any Series 2016 Bonds are outstanding, such Series 2016 Bonds must be repurchased, redeemed or defeased before the facilities can be purchased. In connection therewith, Jefferson Railport also amended and restated its Ground Lease with the District. The Facilities Lease is a triple-net lease with rental payments equal to an amount sufficient (together with capitalized interest funded with proceeds of the Series 2016 Bonds and prepaid rent) to provide for the payment of interest on the Series 2016 Bonds to the Initial Bonds Remarketing Date, plus amounts sufficient to provide for the payment of principal of and interest on the Series 2016 Bonds when, if, and as repurchased in whole and remarketed and all third-party costs, expenses, fees and rebates related to the Series 2016 Bonds when due thereunder. The Facilities Lease contains customary event of default provisions and, in certain circumstances, cure rights.

Deed of Trust

On March 7, 2016, Jefferson Railport entered into a Leasehold Deed of Trust and Security Agreement, dated as of February 1, 2016 (the “Deed of Trust”), pursuant to which Jefferson Railport granted a deed of trust lien on and security interest in its interest in the Facilities Lease and in the Ground Lease and its interest in all buildings, fixtures, modifications, replacements, improvements, easements, rights-of-way, air/water/development rights, machinery and equipment on the Ground Lease site or with respect thereto to the Trustee to secure its obligations under the Standby Bond Purchase Agreement and its obligations to pay rent in accordance with the Facilities Lease.

Pursuant to a payoff letter dated as of March 7, 2016, all amounts outstanding under the credit agreement, dated as of August 27, 2014 (the “Jefferson Terminal Credit Agreement”), among Morgan Stanley Senior Funding, Inc., as administrative agent, Jefferson Gulf Coast Energy Holdings LLC (“Holdings”) and Jefferson Gulf Coast Energy Partners LLC (the “Borrower”), each majority-owned subsidiaries of the Company, and the lenders party thereto, were prepaid in full and the Jefferson Terminal Credit Agreement was terminated. The outstanding principal balance that was prepaid was \$98.75 million, plus accrued and unpaid interest, applicable premiums and legal fees and expenses. No material early termination penalties were incurred by Holdings or the Borrower.

Amendment to LLC Agreement

On March 8, 2016, the Company adopted the First Amendment to its Amended and Restated Limited Liability Company Agreement in order to conform certain provisions thereof to the intent expressed in the registration statement filed in connection with the Company’s initial public offering.

Sale of Shipping Containers

On March 9, 2016, the Company consummated the sale of approximately 39,000 shipping containers that were subject to a direct finance lease with a major Asian shipping line. After the payoff of debt securing the containers, the Company received net proceeds of approximately \$25 million.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Incorporated by reference to our definitive proxy statement for the 2015 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A Exchange Act, within 120 days after the fiscal year ended December 31, 2015.

Item 11. Executive Compensation

Incorporated by reference to our definitive proxy statement for the 2015 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A Exchange Act, within 120 days after the fiscal year ended December 31, 2015.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Incorporated by reference to our definitive proxy statement for the 2015 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A Exchange Act, within 120 days after the fiscal year ended December 31, 2015.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Incorporated by reference to our definitive proxy statement for the 2015 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A Exchange Act, within 120 days after the fiscal year ended December 31, 2015.

Item 14. Principal Accountant Fees and Services

Incorporated by reference to our definitive proxy statement for the 2015 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A Exchange Act, within 120 days after the fiscal year ended December 31, 2015.

PART IV

Item 15. Exhibits; Financial Statement Schedules

(a) Financial statements and schedules:

1. See "Financial Statements and Supplementary Data" included in Part II, Item 8 of this Form 10-K
2. Financial Statement Schedules

Schedule II - Valuation and qualifying accounts
Fortress Transportation and Infrastructure Investors LLC
December 31, 2015
(Dollars in thousands)

<u>Column A</u>	<u>Column B</u>	<u>Column C</u>		<u>Column D</u>	<u>Column E</u>
Description	Balance at Beginning of Year	<u>Additions</u>		Deductions	Balance at End of Year
		Charged to Costs and Expenses	Charged to Other Accounts		
Year ended December 31, 2015					
Allowance for doubtful accounts	\$ 111	\$ 676		\$ (395) ⁽ⁱ⁾	\$ 392
Year ended December 31, 2014					
Allowance for doubtful accounts	—	281		(170) ⁽ⁱ⁾	111
Year ended December 31, 2013					
Allowance for doubtful accounts	—	—		—	—

⁽ⁱ⁾ Uncollectible accounts written off, net of recoveries

All other schedules are omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements of the Company or the notes thereto.

(b) See Index to Exhibits immediately following the signature page of this this Form 10-K.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

By: /s/ Wesley R. Edens
Wesley R. Edens
Chairman of the Board

March 9, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Joseph P. Adams, Jr.
Joseph P. Adams, Jr.
Director and Chief Executive Officer

March 9, 2016

By: /s/ Jonathan G. Atkeson
Jonathan G. Atkeson
Chief Financial Officer and Chief Operating Officer

March 9, 2016

By: /s/ Scott Christopher
Scott Christopher
Chief Accounting Officer

March 9, 2016

By: /s/ Paul R. Goodwin
Paul R. Goodwin
Director

March 9, 2016

By: /s/ Ray M. Robinson
Ray M. Robinson
Director

March 9, 2016

By: /s/ Martin Tuchman
Martin Tuchman
Director

March 9, 2016

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Certificate of Formation (incorporated by reference to Exhibit 3.1 of Amendment No. 4 to the Company's Registration Statement on Form S-1, filed April 30, 2015).
3.2	Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
3.3	First Amendment to Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC
10.1	Fourth Amended and Restated Partnership Agreement of Fortress Worldwide Transportation and Infrastructure General Partnership (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
† 10.2	Management and Advisory Agreement, dated as of May 20, 2015, between Fortress Transportation and Infrastructure Investors LLC and FIG LLC (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
† 10.3	Fortress Transportation and Infrastructure Investors LLC Nonqualified Stock Option and Incentive Award Plan (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
10.4	Registration Rights Agreement, dated as of May 20, 2015, among Fortress Transportation and Infrastructure Investors LLC, FIG LLC and Fortress Transportation and Infrastructure Master GP LLC (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K, filed on May 21, 2015).
10.5	Form of director and officer indemnification agreement of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 10.5 of Amendment No. 4 to the Company's Registration Statement on Form S-1, filed April 30, 2015).
10.6	Credit Agreement, dated as of August 27, 2014, among Morgan Stanley Senior Funding, Inc., as administrative agent, Jefferson Gulf Coast Energy Partners LLC and the other lenders party thereto (incorporated by reference to Exhibit 10.6 of Amendment No. 4 to the Company's Registration Statement on Form S-1, filed April 30, 2015).
10.7	Trust Indenture and Security Agreement between the District and The Bank of New York Mellon Trust Company, National Association, dated as of February 1, 2016.
10.8	Standby Bond Purchase Agreement among the Port of Beaumont Navigation District of Jefferson County, Texas, The Bank of New York Mellon Trust Company, National Association, Jefferson Railport Terminal II Holdings LLC and Jefferson Railport Terminal II LLC dated as of February 1, 2016.
10.9	Capital Call Agreement, by and among Fortress Transportation and Infrastructure Investors LLC, FTAI Energy Holdings LLC, FTAI Partner Holdings LLC, FTAI Midstream GP Holdings LLC, FTAI Midstream GP LLC, FTAI Midstream Holdings LLC, FTAI Energy Partners LLC and Jefferson Railport Terminal II Holdings LLC, dated as of February 1, 2016.
10.10	Fee and Support Agreement, among FTAI Energy Holdings LLC, FEP Terminal Holdings LLC, FTAI Energy Partners LLC and Jefferson Railport Terminal II LLC, dated as of March 7, 2016.
10.11	Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016, by and between the Port of Beaumont Navigation District of Jefferson County, Texas and Jefferson Railport Terminal II LLC.
10.12	Deed of Trust of Jefferson Railport Terminal II LLC, dated as of February 1, 2016.
21.1	Subsidiaries of Fortress Transportation and Infrastructure Investors LLC.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB XBRL Taxonomy Extension Label Linkbase Document.
101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

† Management contracts and compensatory plans or arrangements.

Exhibit 3.3

**FIRST AMENDMENT TO AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF FORTRESS
TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC**

This First Amendment (this "Amendment") to the Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company (the "Company"), dated as of May 20, 2015 (the "LLC Agreement"), is executed as of March 8, 2016 (the "Amendment Date"). Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the LLC Agreement.

RECITALS

WHEREAS, pursuant to Section 9.3(d)(v) of the LLC Agreement, the Board of Directors, without the approval of any Member, may amend any provision of the LLC Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect a change that, in the sole discretion of the Board of Directors, it determines is required to effect the intent expressed in the Registration Statement;

WHEREAS, the Registration Statement states that the LLC Agreement provides that the Directors will not be personally liable to the Company or the Members for monetary damages for breach of a fiduciary duty as a Director, except to the extent such exemption is not permitted under the Delaware Act;

WHEREAS, the Board of Directors has approved this Amendment in accordance with Section 9.3(d) of the LLC Agreement in order to effect the intent expressed in the foregoing statement in the Registration Statement; and

WHEREAS, in accordance with Section 2.6(a) of the LLC Agreement, this Amendment shall become immediately effective upon its execution by an authorized officer of the Company.

AMENDMENT

NOW THEREFORE:

1. Section 5.19 of the LLC Agreement is hereby amended to add the following:

(n) Exculpation. Notwithstanding anything contained in this Agreement to the contrary, to the fullest extent permitted by the Delaware Act, no Director will be personally liable to the Company or the Members for monetary damages for breach of a fiduciary duty as a Director, except to the extent such exemption is not permitted under the Delaware Act.

2. Except as specifically amended hereby, the terms, covenants, provisions and conditions of the LLC Agreement shall remain unmodified and continue in full force and effect and, except as amended hereby, all of the terms, covenants, provisions and conditions of the Agreement are hereby ratified and confirmed in all respects.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned has executed this Amendment, effective as of March 8, 2016.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

By: /s/ Jonathan G. Atkeson
Name: Jonathan G. Atkeson
Title: Chief Financial Officer

Exhibit 10.7

TRUST INDENTURE AND SECURITY AGREEMENT

between

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee**

Relating to

\$144,200,000

**Port of Beaumont Navigation District of Jefferson County, Texas
Dock and Wharf Facility Revenue Bonds, Series 2016
(Jefferson Energy Companies Project)**

Dated as of

February 1, 2016

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TRUST INDENTURE AND SECURITY AGREEMENT

THIS TRUST INDENTURE AND SECURITY AGREEMENT (this “Indenture”), dated as of February 1, 2016, is between the **PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS**, a conservation and reclamation district (the “District”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, with a corporate trust office in Houston, Texas, as Trustee (the “Trustee”).

Recitals

A. The District is a conservation and reclamation district under Article XVI, Section 59, of the Texas Constitution, and pursuant to Chapter 147, Acts of the 51st Legislature of Texas, Regular Session, 1949, as amended (the “Enabling Act”).

B. The District is authorized under the Enabling Act; Chapter 60, Texas Water Code, as amended; and Chapter 1201, Texas Government Code, as amended (together, the “Act”), to issue revenue bonds to finance improvements to the port facilities of the District.

C. The District has duly authorized the issuance of \$144,200,000 aggregate principal amount of its Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the “Series 2016 Bonds”).

D. The Series 2016 Bonds are being issued for the purpose of financing a portion of the Project Costs (hereinafter defined).

E. Proceeds of the Series 2016 Bonds will be used to: (i) reimburse and pay Jefferson Railport Terminal II LLC, a Delaware limited liability company (the “Company”), for the development, construction and acquisition of certain facilities for the transport, loading, unloading and storage of petroleum products on behalf of the District; (ii) pay capitalized interest on a portion of the Series 2016 Bonds; and (iii) pay certain costs of issuance of the Series 2016 Bonds.

F. The District and the Company (i) have entered into that certain Amended and Restated Agreement and Lease, dated as of February 1, 2016 (the “Ground Lease”), pursuant to which, inter alia, the Company has constructed certain improvements, consisting of facilities for the transport, loading, unloading and storage of petroleum products on behalf of the District; and (ii) have entered into that certain Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016 (the “Facilities Lease”), pursuant to which, inter alia, the Company will construct additional improvements on behalf of the District (together with certain improvements constructed under the Ground Lease, the “Bond Financed Property”), all of which are subject to the Ground Lease.

G. To achieve the purposes for which the Series 2016 Bonds will be issued, (i) the District will reimburse the Company for certain improvements constructed by the Company on behalf of the District under the Ground Lease, and (ii) the Company, pursuant to the Facilities Lease,

will construct additional improvements on behalf of the District, all of which are subject to the Ground Lease.

H. The Series 2016 Bonds and all other payment obligations under this Indenture shall be special limited obligations of the District payable solely out of (a) Pledged Revenues (hereinafter defined), which includes Facilities Lease Rent (hereinafter defined) under the Facilities Lease, and (b) except as limited herein, any other assets constituting part of the Trust Estate established pursuant to this Indenture, including money in the funds and accounts established pursuant to this Indenture.

I. As security for the payment of the Series 2016 Bonds and all other obligations under this Indenture, the District shall, pursuant to this Indenture, assign and pledge all of the Pledged Revenues.

J. The Series 2016 Bonds will initially be issued as fixed rate bonds bearing interest at the Initial Rate (hereinafter defined) and will be subject to mandatory tender on the First Initial Bonds Remarketing Date (hereinafter defined). The District, the Company, Jefferson Railport Terminal II Holdings LLC ("Jefferson Holdings") and the Trustee have entered into that certain Standby Bond Purchase Agreement, dated as of February 1, 2016 (the "Standby Bond Purchase Agreement"), pursuant to which (i) in the event all of the Series 2016 Bonds are not repurchased from proceeds of a remarketing or redeemed, or defeased to a date, on or prior to the First Initial Bonds Remarketing Date, Jefferson Holdings and the Company shall be obligated to purchase the Series 2016 Bonds on the First Initial Bonds Remarketing Date at the Purchase Price for Initial Bonds (as both terms are hereinafter defined) and (ii) Jefferson Holdings shall guarantee the payment of all Rent (hereinafter defined) and all principal of, premium, if any, and interest on the Series 2016 Bonds payable prior to repurchase of the Series 2016 Bonds from proceeds of a remarketing or redemption of the Series 2016 Bonds or defeasance of the Series 2016 Bonds to a date, in each case, on or prior to the First Initial Bonds Remarketing Date.

K. Fortress Transportation and Infrastructure Investors LLC ("FTAI"), certain of FTAI's subsidiaries and Jefferson Holdings have entered into that certain Capital Call Agreement, dated as of February 1, 2016 (the "Capital Call Agreement"), pursuant to which FTAI or such subsidiaries will provide funds to Jefferson Holdings to permit Jefferson Holdings to satisfy its obligations under the Standby Bond Purchase Agreement. Pursuant to that certain Collateral Assignment and Pledge Agreement, dated as of February 1, 2016 (the "Assignment"), Jefferson Holdings will collaterally assign, and grant a security interest in, all present and future right, title and interest of Jefferson Holdings in and to the Capital Call Agreement and all proceeds thereof to the Trustee to secure its obligations under the Standby Bond Purchase Agreement.

L. All things have been done which are necessary to make the Series 2016 Bonds, when executed by the District and authenticated and delivered by the Trustee (or registered by the Comptroller of Public Accounts of the State of Texas) hereunder, the valid obligations of the District, and to constitute this Indenture a valid trust indenture for the security of the Series 2016 Bonds, in accordance with the terms of the Series 2016 Bonds and this Indenture.

It is hereby covenanted and declared that all of the Series 2016 Bonds are to be registered or authenticated and delivered and the property subject to this Indenture is to be held and applied

by the Trustee, subject to the covenants, conditions and trusts hereinafter set forth, and the District does hereby covenant and agree to and with the Trustee, for the equal and proportionate benefit (except as otherwise expressly provided herein) of all Bondholders as follows:

GRANTING CLAUSES

NOW, THEREFORE, the District, in consideration of the premises and the acceptance by the Trustee of the trust hereby created and of the purchase and acceptance of the Bonds (hereinafter defined) by the Holders thereof, and of the sum of one dollar, in lawful money of the United States of America, to it duly paid by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds ("Debt Service") and to secure the performance and observance by the District of all the covenants and obligations expressed or implied herein and in the Bonds, does hereby grant, alienate, bargain, sell, convey, transfer, collaterally assign, grant a security interest in, and pledge unto the Trustee (to the extent of its legal capacity to hold the same for the purposes hereof) and its successors in trust and assigns forever the following (the "Trust Estate"):

GRANTING CLAUSE FIRST

All right, title, and interest of the District in the Pledged Revenues;

GRANTING CLAUSE SECOND

All right, title, and interest of the District in and to the Facilities Lease and the Standby Bond Purchase Agreement and the proceeds thereof;

GRANTING CLAUSE THIRD

All right, title, and interest of the District in all moneys and securities from time to time held by the Trustee under the terms of this Indenture (except moneys held in the Rebate Fund, as herein defined, or moneys held by the Trustee for redemption of Bonds, notice of the redemption of which has been duly given); and

GRANTING CLAUSE FOURTH

Any and all property of every kind or description which may from time to time hereafter be sold, transferred, conveyed, assigned, hypothecated, endorsed, deposited, pledged, mortgaged, granted or delivered to, or deposited with the Trustee as additional security by the District or anyone on its part or with its written consent, or which pursuant to any of the provisions hereof may come into the possession of or control of the Trustee or a receiver appointed pursuant hereto, as such additional security; and the Trustee is hereby authorized to receive any and all such property as and for additional security for the payment of the Bonds, and to hold and apply all such property subject to the terms hereof;

TO HAVE AND TO HOLD all said property of every kind and description, real, personal, or mixed, hereby and hereafter (by supplemental indenture or otherwise) granted, bargained, sold, aliened, remised, released, conveyed, collaterally assigned, transferred, mortgaged, hypothecated, pledged, set over, or confirmed as aforesaid, or intended, agreed, or covenanted so to be, together with all the appurtenances thereto appertaining, and all amounts drawn thereunder unto the Trustee and its successors and assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and ratable benefit, security, except as specifically herein provided, and protection of all present and future Holders of the Bonds issued under and secured by this Indenture without privilege, priority, or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds;

PROVIDED, HOWEVER, that if the District, its successor or its assigns shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest and premium, if any, due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Debt Service Fund (as hereinafter defined) as required hereunder or shall provide for the payment thereof as permitted hereunder, and shall well and truly keep, perform, and observe all of the covenants and conditions pursuant to the terms of this Indenture to be kept, performed, and observed by it, and shall pay or cause to be paid to the Trustee and all Paying Agents (as hereinafter defined) all sums of money due or to become due in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease and terminate; otherwise this Indenture is to be and remain in full force and effect;

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered, and all said property, rights, and interests, including, without limitation, the amounts hereby assigned, are to be dealt with and disposed of, under, upon, and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed, and that the District has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective Holders, from time to time, of said Bonds, or any part thereof, as follows:

ARTICLE I

Section 1.01 Definitions.

(a) For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) “Indenture” means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof.

(2) All references in this instrument to designated “Articles,” “Sections” and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed. The words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

(3) The terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular. Reference to any Bond Document means that Bond Document as amended or supplemented from time to time. Reference to any party to a Bond Document means that party and its successors and assigns.

(4) Unless the context requires otherwise, any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or therein).

(b) The following terms have the meanings assigned to them below whenever they are used in this Indenture, except to the extent otherwise defined in Exhibits A, B, C, D or E hereto:

“Act” means the Enabling Act; Chapter 60, Texas Water Code, as amended; and Chapter 1201, Texas Government Code, as amended.

“Additional Bonds” means additional revenue bonds permitted to be authorized by, and issued under, Section 2.23 of this Indenture.

“Approval Certificate” means the Approval Certificate or any other supplemental certificate(s) to be executed by the Port Director & CEO, which sets forth the pricing terms of the Series 2016 Bonds and any such appropriate variations, omissions and insertions as may be determined by the Authorized Officer.

“Assignment” means that certain Collateral Assignment and Pledge Agreement, dated as of February 1, 2016 (the “Assignment”), from Jefferson Holdings to the Trustee, pursuant to which Jefferson Holdings will collaterally assign, and grant a security interest

in, all present and future right, title and interest of Jefferson Holdings in and to the Capital Call Agreement and all proceeds thereof, to secure its obligations under the Standby Bond Purchase Agreement.

“Authenticating Agent” means the Person designated pursuant to Section 8.12 hereof to perform the duties of such set forth in this Indenture, initially the Trustee.

“Authorized Denominations” means, with respect to Initial Bonds, \$100,000 and multiples of \$5,000 in excess of \$100,000; with respect to Daily Rate Bonds, \$100,000 and multiples of \$5,000 in excess of \$100,000; with respect to Commercial Paper Rate Bonds, \$100,000 and multiples of \$5,000 in excess of \$100,000; with respect to Weekly Rate Bonds, \$100,000 and multiples of \$5,000 in excess of \$100,000; and with respect to Fixed Rate Bonds, \$5,000 or any integral multiple thereof.

“Authorized Officer” means with respect to the District, the Port Director & CEO, President or Vice-President.

“Available Commitment” has the meaning ascribed thereto in the Standby Bond Purchase Agreement.

“Aviation Assets” has the meaning ascribed thereto in the Capital Call Agreement.

“Aviation Subsidiaries” has the meaning ascribed thereto in Section 2.08(h) of this Indenture.

“Bankruptcy Code” means Title 11 of the United States Code, as amended from time to time.

“Beneficial Owners” has the meaning ascribed thereto in Section 2.14 of this Indenture.

“Board Resolution” of the District means a copy of a resolution certified by the Secretary of the District to have been duly adopted by the Board of Commissioners of the District and to be in full force and effect on the date of such certification and delivered to the Trustee.

“Bond Counsel” means a law firm that has nationally recognized expertise in the issuance of municipal securities, the interest on which is excluded from gross income for federal and state income tax purposes.

“Bond Documents” means this Indenture, the Bonds, the Standby Bond Purchase Agreement, the Ground Lease, the Facilities Lease, the SNDA, the Capital Call Agreement, the Assignment, the Credit Facility, if any, the Liquidity Facility, if any, the Remarketing Agreement, the Tax Certificate, and all other agreements, documents and instruments ever delivered pursuant to any of the foregoing and any and all future renewals and extensions or restatements of any of the foregoing.

“Bond Financed Property” means certain facilities for the transport, loading, unloading and storage of petroleum products that have been or will be constructed by the Company on behalf of the District pursuant to the Ground Lease and the Facilities Lease using proceeds of the Series 2016 Bonds as set forth in Exhibits B and C of the Facilities Lease.

“Bond Register” and “Bond Registrar” have the respective meanings specified in Section 2.05 hereof.

“Bond Resolution” means the resolutions duly adopted by the Board of Commissioners of the District on November 23, 2015 and February 22, 2016.

“Bond” or “Bonds” means the Series 2016 Bonds, any Additional Bonds and any Bonds issued upon transfer thereof or in exchange therefor or in lieu thereof authorized by the Bond Resolution and as may be redesignated by the Authorized Officer in the Approval Certificate.

“Book Entry Form” or “Book Entry System” means, with respect to the Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Bonds may be transferred only through a book entry, and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical bond certificates held in the custody of the Depository.

“Business Day” with respect to any Initial Bond, has the meaning given to it in Exhibit A hereto, the form of Initial Bond; with respect to any Daily Rate Bond, has the meaning given it in Exhibit B hereto, the form of Daily Rate Bond; with respect to any Commercial Paper Rate Bond, has the meaning given it in Exhibit C hereto, the form of Commercial Paper Rate Bond; with respect to any Fixed Rate Bond, has the meaning given to it in Exhibit D hereto, the form of Fixed Rate Bond; and with respect to any Weekly Rate Bond, has the meaning given to it in Exhibit E hereto, the form of Weekly Rate Bond.

“Callable Bonds” has the meaning ascribed thereto in Section 3.08 of this Indenture.

“Capital Call Agreement” means that certain Capital Call Agreement, dated as of February 1, 2016, by and between Jefferson Holdings, FTAI and certain of FTAI’s subsidiaries and pursuant to which FTAI or such subsidiaries will provide funds to Jefferson Holdings to permit Jefferson Holdings to satisfy its obligations under the Standby Bond Purchase Agreement.

“Closing Fund” means the special trust fund created in Section 4.07 of this Indenture.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the corresponding provisions, if any, of any successor internal revenue laws of the United States.

“Commercial Paper Rate” has the meaning given it in Exhibit C hereto, the form of Commercial Paper Rate Bond.

“Commercial Paper Rate Bond” means any Bond bearing interest at a Commercial Paper Rate.

“Commercial Paper Rate Period” means, with respect to any Bond, any period during which it bears interest at the Commercial Paper Rate.

“Company” means Jefferson Railport Terminal II LLC, a Delaware limited liability company, together with successors and assigns.

“Company Leasehold Deed of Trust” means the Leasehold Deed of Trust and Security Agreement, dated as of February 1, 2016, from the Company to a deed of trust trustee for the benefit of the Trustee, as additional security for the Company’s obligations under the Standby Bond Purchase Agreement and the Facilities Lease.

“Consent,” “Order,” and “Request” of the District means, a written consent, order, or request signed by an Authorized Officer of the District and delivered to the Trustee.

“Conversion Date” has the meaning given it in Exhibits A, B, C and E hereto, the form of Initial Bond, the form of Daily Rate Bond, the form of Commercial Paper Rate Bond and the form of Weekly Rate Bond, respectively.

“Costs of Issuance” means the cost of financing, legal, printing, underwriter’s discount and other costs attributable to the issuance of the Bonds as defined in the Code.

“Costs of Issuance Fund” means the special trust fund created in Section 4.02 of this Indenture.

“Credit Enhancer” means the issuer of a Credit Facility, if any, until such Credit Facility is released.

“Credit Facility” means the instrument, if any (1) which provides for draws or claims sufficient to pay the principal amount of any Bonds then Outstanding plus accrued interest thereon, at the maximum per annum rate of interest which may be borne by such Bonds during any Interest Mode to be in effect during the term of such Credit Facility, for up to at least the sum of (A) the greatest number of days for which interest on such Bonds may accrue before (assuming payment is not made from other sources) the Trustee makes a drawing under the Credit Facility to provide payment of such interest, and (B) the greatest number of days which may transpire after a draw or claim under the Credit Facility to pay interest on the Bonds prior to the reinstatement of such amount; (2) which has a term which is not less than 364 days; and (3) which may be a letter of credit, policy of insurance, surety bond, acceptance, or guarantee or other comparable instrument; provided that, in no event shall the Standby Bond Purchase Agreement be considered a Credit Facility.

“Credit Facility Fund” means the special fund established with the Trustee pursuant to Section 4.03 of this Indenture.

“Credit Facility Termination Date” means the date the Credit Facility terminates pursuant to the terms of the Credit Facility, if any.

“DTC” means The Depository Trust Company, New York, New York, the initial securities depository of the Book Entry System described in Section 2.14 hereof.

“Daily Rate” has the meaning given it in Exhibit B hereto, the form of Daily Rate Bond.

“Daily Rate Bond” means any Bond bearing interest at the Daily Rate.

“Daily Rate Period” means, with respect to any Bond, any period during which it bears interest at the Daily Rate.

“Debt Service Fund” means the special trust fund created in Section 4.04 of this Indenture.

“Depository” means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of beneficial interests in the Bonds, and to effect transfers of the Bonds, in Book Entry Form. The initial Depository for the Bonds shall be DTC.

“District” means the Port of Beaumont Navigation District of Jefferson County, Texas, a conservation and reclamation district.

“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Eligible Securities” means those investment securities described in the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“Enabling Act” means Chapter 147, Acts of the 51st Legislature of Texas, Regular Session, 1949, as amended.

“Event of Default” means any of the events enumerated in Section 7.01 of this Indenture.

“Facilities Lease” means that certain Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016, by and between the District and the Company and

pursuant to which, inter alia, the Company will construct additional facilities for the transport, loading, unloading and storage of petroleum products on behalf of the District.

“Facilities Lease Rent” has the meaning ascribed to it in the Facilities Lease.

“First Bond” has the meaning ascribed thereto in Section 2.03 hereof.

“First Initial Bonds Remarketing Date” means February 13, 2020.

“Fixed Rate” has the meaning given it in Exhibit D hereto, the form of Fixed Rate Bond.

“Fixed Rate Bond” means any Bond bearing interest at a Fixed Rate.

“Fixed Rate Period” means, with respect to any Bond, any period during which it bears interest at the Fixed Rate.

“FTAI” means Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company, together with successors and assigns under the Capital Call Agreement.

“Funds” has the meaning set forth in Section 4.01 hereof.

“Ground Lease” means that certain Amended and Restated Agreement and Lease between the District and the Company, dated as of February 1, 2016.

“Highest Lawful Rate” means the maximum rate of interest applicable to the Bonds allowed from time to time by applicable law.

“Holder” or “Bondholder” or “Registered Holder” means a Person in whose name a Bond is registered in the Bond Register.

“Indenture” means this Trust Indenture and Security Agreement, dated as of February 1, 2016, by and between the District and the Trustee.

“Initial Bonds” means any Bond bearing interest at the Initial Rate.

“Initial Bonds Purchase Price Shortfall” has the meaning ascribed thereto in Section 2.17 of this Indenture.

“Initial Bonds Remarketing Date” has the meaning ascribed thereto in Exhibit A hereto, the form of Initial Bond, from time to time.

“Initial Rate” has the meaning ascribed thereto in Exhibit A hereto, the form of Initial Bond, from time to time.

“Initial Rate Period” has the meaning ascribed thereto in Exhibit A hereto, the form of Initial Bond, from time to time.

“Interest Mode” means the Daily Rate, the Commercial Paper Rate, the Fixed Rate, the Weekly Rate, or the Initial Rate.

“Interest Payment Date” with respect to Initial Bonds, has the meaning ascribed to it in Exhibit A hereto, the form of Initial Bond; with respect to Daily Rate Bonds, has the meaning ascribed to it in Exhibit B hereto, the form of Daily Rate Bond; with respect to Commercial Paper Rate Bonds, has the meaning ascribed to it in Exhibit C hereto, the form of Commercial Paper Rate Bond; with respect to Fixed Rate Bonds, has the meaning ascribed to it in Exhibit D hereto, the form of Fixed Rate Bond; and with respect to Weekly Rate Bonds, has the meaning ascribed to it in Exhibit E hereto, the form of Weekly Rate Bond.

“Interest Rate Determination Method” means any of the methods of determining the interest rate on the Bonds described in Section 2.08 hereof.

“Investor Letter” means the Investor Letter required to be delivered pursuant to Section 2.03(d) hereof, the form of which is attached hereto as Exhibit G.

“Issue Date” means the date of issuance and delivery of the Initial Bonds to the initial purchaser thereof.

“Jefferson Holdings” means Jefferson Railport Terminal II Holdings LLC, a Delaware limited liability company, together with successors and assigns under the Standby Bond Purchase Agreement.

“Liquidity Account” means the segregated account within the Purchase Fund into which is deposited the proceeds of draws under a Liquidity Facility to pay the Purchase Price of the Bonds.

“Liquidity Bank” shall mean the obligor or obligors on any Liquidity Facility accepted by the Trustee pursuant to the provisions of this Indenture and their successors in such capacity and their assigns permitted by the terms thereof.

“Liquidity Bank Bonds” means any Daily Rate Bond, Commercial Paper Rate Bond or Weekly Rate Bond registered in the name of the Liquidity Bank.

“Liquidity Bank Differential” means, with respect to any Liquidity Bank Bond on the date such Daily Rate Bond, Commercial Paper Rate Bond or Weekly Rate Bond ceases to be a Liquidity Bank Bond, the difference between the amount of interest which accrued on such Daily Rate Bond, Commercial Paper Rate Bond or Weekly Rate Bond at the Liquidity Bank Bond Rate and the amount of interest which would have accrued on such Daily Rate Bond, Commercial Paper Rate Bond or Weekly Rate Bond at the interest rate determined pursuant to the Interest Mode at the time in effect.

“Liquidity Facility” means any instrument (1) which provides for draws or claims sufficient to pay a Purchase Price up to the principal amount of Bonds not yet due plus accrued interest thereon, at the maximum per annum rate of interest which may be borne

by such Bonds during any Interest Mode to be in effect (assuming no subsequent District Order or notice from the Remarketing Agent designating a different Interest Mode) during the term of such Liquidity Facility, for up to at least the sum of (A) the greatest number of days for which interest on such Bonds may accrue before the Trustee makes a drawing under the Liquidity Facility to provide payment of such interest and (B) the greatest number of days which may transpire after a draw or claim under the Liquidity Facility to pay interest on such Bonds prior to the reinstatement of such amount; (2) which has a term which is not less than 364 days; and (3) which may be a bond purchase agreement, letter of credit, line of credit, policy of insurance, surety bond, acceptance, or guarantee or other comparable instrument; provided that, in no event shall the Standby Bond Purchase Agreement be considered a Liquidity Facility.

“Liquidity Facility Termination Date” means the date a Liquidity Facility terminates pursuant to the terms of the Liquidity Facility.

“Mandatory Tender” means a tender for purchase or deemed tender for purchase of Initial Bonds pursuant to Paragraph 4 of Exhibit A hereto, the form of Initial Bond; purchase of Daily Rate Bonds pursuant to Paragraph 5 of Exhibit B hereto, the form of Daily Rate Bond; purchase of Commercial Paper Rate Bonds pursuant to Paragraph 5 of Exhibit C hereto, the form of Commercial Paper Rate Bond; or purchase of Weekly Rate Bonds pursuant to Paragraph 5 of Exhibit E hereto, the form of Weekly Rate Bond.

“Maturity” means, when used with respect to any Bond, the date on which the principal of such Bond becomes due and payable as therein or herein provided, whether at the Stated Maturity thereof or by declaration of acceleration, call for redemption or otherwise, but does not include payment of the portion of the Purchase Price corresponding to principal of such Bond with proceeds of draws under a Liquidity Facility.

“Maximum Rate” means, as of any date, the lesser of (i) the Highest Lawful Rate or (ii) an interest rate which as of such date would produce a “net effective interest rate” computed in accordance with Chapter 1204, Texas Government Code, as amended, of 15% per annum.

“Multi-Modal Bonds” means any Bonds in an Interest Mode other than the Initial Rate.

“New Property” has the meaning ascribed to it in the Facilities Lease.

“Officer’s Certificate” of any specified Person means a certificate signed by an Authorized Officer or any other officer designated by the District to execute an Officer’s Certificate, as evidenced by a certificate delivered to the Trustee.

“Opinion of Counsel” shall mean an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion.

“Optional Tender” means a tender for purchase or deemed tender for purchase of Daily Rate Bonds pursuant to Paragraph 7 of Exhibit B hereto, the form of Daily Rate Bond, or for purchase of Weekly Rate Bonds pursuant to Paragraph 7 of Exhibit E hereto, the form of Weekly Rate Bond.

“Outstanding” means, when used with respect to any Bonds and as of the date of determination, all Bonds theretofore authenticated and delivered under this Indenture, except:

(i) Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Bonds for whose payment or redemption money (or Eligible Securities to the extent permitted by Section 10.02 of this Indenture) in the necessary amount has been theretofore deposited with the Trustee or any paying agent for such Bonds in trust for the Holders of such Bonds pursuant to this Indenture; provided, however, that if such Bonds are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or irrevocable provision therefor satisfactory to the Trustee has been made;

(iii) Bonds upon transfer of or in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to this Indenture;

(iv) Bonds alleged to have been destroyed, lost, or stolen which have been paid as provided in Section 2.06 hereof; and

(v) Untendered Bonds;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned of record or beneficially by the District, the Company, Jefferson Holdings, FTAI or any affiliate thereof or any other obligor upon the Bonds or a Bond or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that a Responsible Officer knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Bonds and that the pledgee is not the District or any other obligor upon the Bonds or a Bond or such other obligor.

“Participants” has the meaning ascribed thereto in Section 2.14 of this Indenture.

“Paying Agent” means, initially, the Trustee, and any other Person authorized by the District to pay the principal of (and premium, if any) or interest on any Bonds on behalf of the District.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Place of Payment” for the Bonds means a city or any political subdivision thereof designated as such in the Bonds, or such other place as shall be designated by the Paying Agent.

“Pledged Revenues” means (i) the Facilities Lease Rent and (ii) any additional Rent, revenues, income or receipts received by the District from the Bond Financed Property, including (by way of example and not of limitation) any proceeds of insurance or condemnation awards (subject to the application thereof as provided in the Ground Lease or the Facilities Lease), or proceeds of any re-letting pledged by the District, or proceeds from the sale of any Bond Financed Property, but excluding any other amounts payable to the District under the Facilities Lease or the Ground Lease.

“Project” means (i) the construction of certain facilities for the transport, loading, unloading and storage of petroleum projects by the Company on behalf of the District pursuant to the Facilities Lease and (ii) the District’s reimbursement to the Company for certain improvements constructed by the Company on behalf of the District under the Ground Lease, in both cases on land owned by the District, all such facilities and improvements constituting Bond Financed Property as set forth in Exhibits B and C of the Facilities Lease.

“Project Costs” means (i) the costs of the Project; (ii) the payment of capitalized interest on a portion of the Series 2016 Bonds; and (iii) Costs of Issuance of the Series 2016 Bonds.

“Project Fund” means the special trust fund created in Section 4.06 of this Indenture.

“Purchase Date” has, respectively, the meanings set forth in Exhibit A hereto, the form of Initial Bond; Exhibit B hereto, the form of Daily Rate Bond; Exhibit C hereto, the form of Commercial Paper Rate Bond; Exhibit E hereto, the form of Weekly Rate Bond.

“Purchase Fund” means the special fund described in Section 2.17 of this Indenture.

“Purchase Price” has, respectively, the meanings set forth in Exhibit A hereto, the form of Initial Bond; Exhibit B hereto, the form of Daily Rate Bond; Exhibit C hereto, the form of Commercial Paper Rate Bond; Exhibit E hereto, the form of Weekly Rate Bond.

“Qualified Institutional Buyers” has the meaning given thereto in Rule 144A under the Securities Act.

“Rating Service” means each nationally recognized securities rating service.

“Rebate Fund” means the special trust fund created in Section 4.05 of this Indenture.

“Regular Record Date” means, with respect to Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Rate Bonds and Initial Bonds, the close of business for the Trustee on the Business Day preceding any Interest Payment Date; and with respect to Fixed Rate Bonds, the close of business for the Trustee on the fifteenth day of the calendar month preceding any Interest Payment Date, regardless of whether such day is a Business Day.

“Regulations” means the applicable proposed, temporary or final Income Tax Regulations promulgated under the Code, as such regulations may be amended or supplemented from time to time.

“Related Person” means a Related Person defined in Section 147(a)(2) of the Code.

“Remarketing Account” means that special fund established by the Tender Agent pursuant to Section 2.17 of this Indenture.

“Remarketing Agent” means the Person or Persons acting as Remarketing Agent for any of the Bonds pursuant to Section 8.14 hereof, who shall initially be Oppenheimer & Co. Inc.

“Remarketing Agreement” means any remarketing agreement, as amended or supplemented from time to time, between the District and a Remarketing Agent, and any analogous agreement with a substitute Remarketing Agent.

“Rent” has the meaning ascribed to it in the Facilities Lease.

“Representation Letter” has the meaning ascribed thereto in Section 2.14 of this Indenture.

“Requisition” means the Requisition required to be delivered pursuant to Section 4.06(c) hereof, the form of which is attached hereto as Exhibit F.

“Reserve Fund” means the special trust fund created in Section 4.11 of this Indenture.

“Responsible Officer” means, when used with respect to the Trustee, the officer in the corporate trust department of the Trustee having direct responsibility for administration of this Indenture.

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Series 2016 Bonds” means the Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) issued by the District.

“SIFMA Index” means the per annum rate equal to the Securities Industry and Financial Markets Association Municipal Swap Index in effect on the applicable date; provided, however, that if the Securities Industry and Financial Markets Association Municipal Swap Index shall become unavailable, the SIFMA Index shall be deemed to be the S&P Weekly Index, and provided further that if the S&P Weekly Index shall become unavailable, the SIFMA Index shall be a comparable index selected by the Remarketing Agent.

“SNDA” means that certain Subordination, Nondisturbance and Attornment Agreement, dated as of February 1, 2016, by and among the District, the Trustee and the Company.

“S&P Weekly Index” means the Standard & Poor’s Weekly High Grade Index maintained by Standard & Poor’s Securities Evaluations Inc., as published on the date which is one Business Day immediately preceding the date for which the S&P Weekly Index is required by this Indenture to be used as a substitute for the Securities Industry and Financial Markets Association Municipal Swap Index.

“Standby Bond Purchase Agreement” means that certain Standby Bond Purchase Agreement, dated as of February 1, 2016, by and among the District, the Company, Jefferson Holdings and the Trustee and pursuant to which (i) in the event all of the Series 2016 Bonds are not repurchased from proceeds of a remarketing or redeemed, or defeased to a date, on or prior to the First Initial Bonds Remarketing Date, Jefferson Holdings and the Company shall be obligated to purchase the Series 2016 Bonds on the First Initial Bonds Remarketing Date at the Purchase Price for Initial Bonds and (ii) Jefferson Holdings shall guarantee the payment of all Rent and all principal of, premium, if any, and interest on the Series 2016 Bonds payable prior to repurchase of the Series 2016 Bonds from proceeds of a remarketing or redemption of the Series 2016 Bonds or defeasance of the Series 2016 Bonds to a date, in each case, on or prior to the First Initial Bonds Remarketing Date.

“Standby Rate” has the meaning ascribed thereto in Exhibit A hereto, the form of Initial Bond.

“State” means the State of Texas.

“Stated Interest” has, respectively, the meanings set forth in Exhibit A hereto, the form of Initial Bond; Exhibit B hereto, the form of Daily Rate Bond; Exhibit C hereto, the form of Commercial Paper Rate Bond; Exhibit E hereto, the form of Weekly Rate Bond.

“Stated Maturity” means, when used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Substantial User” means a party who is a substantial user (or a Related Person of such Substantial User) of the Bond Financed Property under Section 147 of the Code, including, but not limited to, the Company, FTAI and Jefferson Holdings; provided, however,

that if FTAI or Jefferson Holdings delivers to the District an opinion of Bond Counsel that FTAI or Jefferson Holdings, as applicable, no longer qualifies as a Substantial User, then such party will not be considered a Substantial User for purposes of this Indenture.

“Tax Certificate” means the certificate executed by the District and the Company setting forth the reasonable expectations and agreements of the District and the Company regarding future events that are material for purposes of Section 148 of the Code pertaining to arbitrage and certain other matters.

“Tax Opinion” has the meaning set forth in Section 9.03 hereof.

“Tender Agent” means the Person designated pursuant to Section 8.13 hereof to perform the duties of such set forth in this Indenture, initially The Bank of New York Mellon Trust Company, National Association.

“Trust Estate” has the meaning given it in the Granting Clauses of this Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, National Association, a national banking association, with a corporate trust office in Houston, Texas, serving as Trustee pursuant to this Indenture, or any successor thereto selected pursuant to the provisions of this Indenture.

“Underwriters” means collectively, Oppenheimer & Co. Inc., Stifel, Nicolaus & Company, Incorporated and Morgan Stanley & Co LLC.

“Untendered Bonds” has the meaning given it in Section 2.17(i) of this Indenture.

“Weekly Rate” has the meaning given it in Exhibit E hereto, the form of Weekly Rate Bond.

“Weekly Rate Bond” means any Bond bearing interest at the Weekly Rate.

“Weekly Rate Period” means, with respect to any Bond, any period during which it bears interest at the Weekly Rate.

Section 1.02 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.03 Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by or covered by an opinion of any specified Person, it is not necessary that all such matters be certified by or covered by the opinion of only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of any officer of a Person may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of a specified Person stating that the information with respect to such factual matters is in the possession of such Person, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.04 Acts of Bondholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Bondholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Bondholders in person or by their agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the District. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the “act” of the Bondholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 8.01) conclusive in favor of the Trustee and the District, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such

execution is by an officer of a corporation or a member of a partnership on behalf of such corporation or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The ownership of Bonds shall be proved by the Bond Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by any Bondholder shall bind every holder of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the District in reliance thereon, whether or not notation of such action is made upon such Bond.

(e) Notwithstanding anything contained herein to the contrary, any right of demand, authorization, direction, consent, waiver or other similar action granted herein or therein to Holders of Bonds which are secured by a Credit Facility (other than in connection with an Optional Tender, or rights as a result of an Event of Default under Section 7.01(2) hereof) shall be exercised by the Credit Enhancer of such Credit Facility so long as such Credit Facility is in effect with respect to such Bonds and such Credit Enhancer is not in default thereunder, to the exclusion of the Bondholders.

Section 1.05 Notices, etc., to Trustee and District. Any request, demand, authorization, direction, notice, consent, waiver or act of Bondholders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Bondholder or by any specified Person shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with and actually received by a Responsible Officer of the Trustee at its corporate trust office located at 601 Travis Street, Floor 16, Houston, Texas 77002, Attention: Corporate Trust Department, or at any other address previously furnished in writing to the Bondholders and the other parties to the Bond Documents by the Trustee;

(2) the District by any Bondholder or by any specified Person shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the District addressed to it at 1225 Main Street, Beaumont, Texas 77704, Attention: Port Director and Chief Executive Officer, or at any other address previously furnished in writing to the Trustee and the Company by the District;

(3) the Company by any Bondholder or by any specified Person shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Company addressed to it at 9595 Six Pines Drive, Suite 6370, The Woodlands, TX 77380, Attention: Chief Financial Officer, or at any other address previously furnished in writing to the Trustee and the District by the Company;

(4) the Tender Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Tender Agent, addressed to it at the address specified in paragraph (1) above in this Section or at such other address previously furnished in writing to the Trustee by the Tender Agent; or

(5) the Remarketing Agent shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to the Remarketing Agent, addressed to it at Oppenheimer & Co. Inc., 100 NE 3rd Avenue, Suite 500, Fort Lauderdale, FL 33301, or at such other address previously furnished in writing to the Trustee by the Remarketing Agent.

The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and the other Bond Documents and delivered using Electronic Means; provided, however, that the District shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”), and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee Instructions using Electronic Means, the Trustee’s understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of

Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

Section 1.06 Notices to Bondholders; Waiver. Where this Indenture provides for notice to Bondholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and given in accordance with the policies and procedures of the Depository or mailed, first-class postage prepaid, to each Bondholder affected by such event, at his address as it appears on the Bond Register, not later than the latest date, and not earlier than the earliest date, prescribed for the first giving of such notice. In any case where notice to Bondholders is given by mail, neither the failure to mail such notice, nor any default in any notice so mailed to any particular Bondholder, shall affect the sufficiency of such notice with respect to other Bondholders. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Bonds shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 1.07 Successors and Assigns. All covenants and agreements in this Indenture by the District and the Trustee shall bind their respective successors and assigns, whether so expressed or not.

Section 1.08 Separability Clause. In case any provision in this Indenture or in the Bonds or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby.

Section 1.09 Benefits of Indenture. Nothing in this Indenture or in the Bonds, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, any separate trustee or co-trustee appointed hereunder, the Credit Enhancer, the Liquidity Bank, and the Holders of Bonds, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.10 Governing Law. This Indenture shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the State.

Section 1.11 Directors, Officers, Employees, and Agents Exempt from Personal Liability. No recourse under or upon any obligation, covenant, or agreement contained in this Indenture, or in any Bond, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present, or future director, officer, or employee, as such, of the District or the Trustee, or of any successor corporation, either directly or through the District or the Trustee, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment, judgment, or penalty, or otherwise; it being expressly understood that this Indenture and the Bonds are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, officers, or employees, as such, of the District, the Trustee, or any other successor corporation, or any of them, because of the creation of indebtedness hereby authorized, or under or by reason of the obligations, covenants, or agreements contained in this Indenture or the Bonds or implied therefrom, and that any and all such personal liability either at common law or equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, officer, or employee, as such, are hereby expressly waived and released as a condition of, and in consideration for, the execution of this Indenture and the issuance of the Bonds.

Section 1.12 Recitals Incorporated. The recitals hereof are incorporated herein and made a part hereof.

Section 1.13 References to the Liquidity Bank and Credit Enhancer. Any provision hereof requiring any consent, approval, or similar action of the Liquidity Bank or Credit Enhancer shall be of no force and effect during any period during which (i) no Liquidity Facility or Credit Facility, as the case may be, is in effect with respect to the Bonds, (ii) the Liquidity Bank or Credit Enhancer is in default of its obligation to make payments under the Liquidity Facility or Credit Facility, as the case may be, or (iii) the Liquidity Bank or the Credit Enhancer, as applicable, shall (1) apply for or consent to the appointment of a receiver, trustee, liquidator, or custodian or the like of the Liquidity Bank or Credit Enhancer of some or all of the Liquidity Bank's or Credit Enhancer's property, or (2) admit in writing the inability of the Liquidity Bank or Credit Enhancer to pay the debts of the Liquidity Bank or Credit Enhancer, as the case may be, generally as they become due, or (3) make a general assignment for the benefit of creditors, or (4) be adjudicated as bankrupt or insolvent, or (5) commence a voluntary case under the Bankruptcy Code or file a voluntary petition or answer seeking reorganization, an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law. Upon the termination of a Liquidity Facility and/or a Credit Facility and the payment of all amounts payable to the Liquidity Bank and/or the Credit Enhancer, as applicable, under any reimbursement agreement and the documents executed in connection therewith, as evidenced by a certificate from the Liquidity Bank and/or the Credit Enhancer, as the case may be, any references to the Liquidity Bank and/or the Credit Enhancer herein shall be ineffective.

ARTICLE II

AUTHORIZATION AND TERMS OF BONDS; ISSUANCE AND FORM OF BONDS; ADDITIONAL BONDS

Section 2.01 Authorization of Series 2016 Bonds; Additional Bonds; Security for the Bonds.

(a) The Series 2016 Bonds are hereby authorized to be issued in the aggregate principal amount of \$144,200,000, for the purposes of providing funds for the payment of Project Costs. In addition to the Series 2016 Bonds, the District may, in its discretion, issue Additional Bonds hereunder solely for the purpose of financing improvements to the Project or for refunding Outstanding Bonds, and related financing costs and expenses, in accordance with the provisions of Section 2.23 hereunder. The maximum principal amount of Bonds issued hereunder shall not exceed \$300,000,000. The Series 2016 Bonds shall be issued initially, and delivered to the original purchasers thereof, as Initial Bonds and shall initially bear interest at the Initial Rate determined in accordance with Section 2.08(h) hereof and as set forth in the Approval Certificate. From the date of issuance thereof until the First Initial Bonds Remarketing Date, no Substantial User shall own the Bonds.

(b) Initial Bonds (except the First Bond, which shall be numbered T-I-1) shall be numbered separately from I-1 upwards. Daily Rate Bonds shall be numbered separately from DR-1 upwards. Any Bonds that have been converted to a Weekly Rate shall be numbered separately from WR-1 upward. Any Bonds that have been converted to Commercial Paper Rate Bonds shall be numbered from CR-1 upwards. Any Bonds that have been converted to Fixed Rate Bonds shall be numbered separately from FR-1 upwards. The Bonds shall be issued only in fully registered form in Authorized Denominations.

(c) The Bonds are not, and shall never in any event become, general obligations of the District but are special limited obligations payable by the District solely from the Pledged Revenues (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Bonds or income from the temporary investment thereof), which amounts, together with any other security provided herein, are hereby specifically assigned and pledged to such purposes in the manner and to the extent provided herein. The Bonds and the interest thereon shall never constitute a debt, indebtedness, or a pledge of the faith and credit or taxing power of the District, the State or any political corporation, subdivision, or agency of the State.

Section 2.02 Terms of Bonds. The Series 2016 Bonds shall be dated as provided in the Approval Certificate and shall mature as provided in the Approval Certificate, but not later than February 1, 2036. The Bonds shall bear interest from their Issue Date, at the rates and payable on the Interest Payment Dates provided in the Approval Certificate and in the applicable form of Bonds set forth on Exhibits A, B, C, D and E hereto until payment of the principal or redemption price thereof shall have been made or duly provided for on or prior to the Maturity. The Bonds shall be subject to redemption, optional tender, mandatory tender and conversion as provided in the Approval Certificate and in the applicable form of Bonds set forth on Exhibits A, B, C, D and E hereto. There shall be no more than 35 initial Beneficial Owners of the Initial Bonds.

Section 2.03 Execution, Authentication and Delivery.

(a) The Bonds shall be executed on behalf of the District by its President or one of its Vice Presidents. Its corporate seal may but need not be impressed or reproduced thereon and attested to by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the District shall bind the District, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Bonds or did not hold such offices at the date of such Bonds.

(b) The Initial Bonds issued hereunder and initially delivered to the original purchasers (the "First Bond") shall be registered by the Comptroller of Public Accounts of the State of Texas or by one of his deputies. Such First Bond shall be registered in the name of Cede & Co. and be deemed to be temporary bonds as contemplated by Section 2.13 hereof. On the Issue Date, the Trustee is hereby authorized and directed to exchange such First Bond for definitive Initial Bonds authenticated by the Trustee and registered in the name of Cede & Co.

(c) At any time and from time to time after the execution and delivery of this Indenture, the District may deliver Bonds executed by the District to the Authenticating Agent; the Authenticating Agent shall authenticate such Bonds; and the Bond Registrar shall register and deliver such Bonds as in this Indenture provided and not otherwise. Upon conversion of the Interest Mode of the Initial Bonds to a Daily Rate, Weekly Rate, Commercial Paper Rate or Fixed Rate, the Bond Registrar shall exchange Daily Rate Bonds, Weekly Rate Bonds, Commercial Paper Rate Bonds or Fixed Rate Bonds, as appropriate, for such Initial Bonds presented to it, all in accordance with the provisions of Section 2.05 hereof.

(d) Prior to the initial delivery by the Trustee (in its capacity as Bond Registrar) of the Series 2016 Bonds, there shall be delivered to the Trustee:

(1) a written Order of the District directed to the Trustee instructing the Trustee to authenticate the Initial Bonds in specific principal amounts and to deliver the Initial Bonds to the purchasers thereof or upon their order upon receipt of a sum specified in such written order;

(2) a Board Resolution of the District authorizing the issuance, execution and delivery of the Bonds;

(3) executed counterparts of each of the Bond Documents and the Capital Call Agreement;

(4) an Opinion of Counsel to each party to a Bond Document (except the Remarketing Agreement) and to the Capital Call Agreement to the effect that each such Bond Document and the Capital Call Agreement has been duly authorized, executed and delivered by that party and constitutes a valid and binding obligation of that party subject to customary exceptions;

(5) an opinion of Counsel to the Company, required pursuant to the bond purchase agreement for the Series 2016 Bonds, between the District and the representative of the Underwriters, in form and substance reasonably satisfactory to Bond Counsel and the Underwriters;

(6) a certificate executed by the Company certifying that (a) there then exists no event of default under the Bond Documents or (b) the execution and delivery of the Bond Documents to which the Company is a party will not conflict with or constitute a material breach under any outstanding loan agreement, indenture, bond, note, agreement or other instrument by which the Company is bound;

(7) an opinion of Bond Counsel in form and substance satisfactory to the Underwriters;

(8) the approval of the Bonds by the Attorney General of Texas as evidenced by his approving opinion thereof and initial registration of the Bonds by the Comptroller of Public Accounts of the State of Texas;

(9) an executed Investor Letter from each Beneficial Owner of Bonds; and

(10) executed copies of the Company Leasehold Deed of Trust and the SNDA.

Section 2.04 Form of Bonds. Initial Bonds and any Bonds issued in exchange or replacement therefor shall be substantially in the form set forth in Exhibit A to this Indenture; Daily Rate Bonds and any Bonds issued in exchange or replacement therefor shall be substantially in the form set forth in Exhibit B to this Indenture; Commercial Paper Rate Bonds and any Bonds issued in exchange or replacement therefor shall be substantially in the form set forth in Exhibit C to this Indenture; Fixed Rate Bonds and any Bonds issued in exchange or replacement therefor shall be substantially in the form set forth in Exhibit D to this Indenture; and Weekly Rate Bonds and any Bonds issued in exchange or replacement therefor shall be substantially in the form set forth in Exhibit E to this Indenture; with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any regulatory body, or as may, consistently herewith, be determined by the officers executing such Bonds, as evidenced by their signing of the Bonds. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bonds. The certificate of authentication shall be as set forth in the appropriate form of Initial Bond, Daily Rate Bond, Commercial Paper Rate Bond, Fixed Rate Bond or Weekly Rate Bond. Except for the Initial Bond initially delivered to the original purchasers thereof on the Issue Date, which shall be valid if registered by the Comptroller of Public Accounts of the State of Texas or one of his deputies, no Bonds (other than temporary Initial Bonds issued pursuant to Section 2.13 hereof) shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on or attached to such Bonds a certificate of authentication substantially in the form set forth on Exhibit A, Exhibit B, Exhibit C, Exhibit D or Exhibit E executed by the Trustee by its manual signature, and such certificate upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly authenticated and delivered hereunder.

Section 2.05 Registration, Transfer, Transfer Restrictions and Exchange.

(a) The District shall cause to be kept at a corporate trust office or the principal payment office of the Bond Registrar or Bond Registrars for the Bonds, a register or registers (sometimes herein referred to as the “Bond Register”) in which, subject to such reasonable regulations as it may prescribe, the District shall provide for the registration of Bonds and of transfers of Bonds. The Trustee is hereby appointed as Bond Registrar for the purpose of registering Bonds and transfers of Bonds as herein provided, and it shall keep the Bond Register with respect to the Bonds at its payment office in Houston, Texas.

(b) Upon surrender for transfer of any Bond, at the office or agency of the District in a Place of Payment, the District shall execute, the Authenticating Agent shall authenticate, and the Bond Registrar shall register and deliver, in the name of the designated transferee, one or more new Bonds of any Authorized Denomination, of a like aggregate principal amount, maturity and interest rate.

(c) The Bonds may not be reoffered, resold, pledged or otherwise transferred except to a person who the transferor reasonably believes is (i) a Qualified Institutional Buyer and (ii) prior to the First Initial Bonds Remarketing Date, not a Substantial User, in accordance with all applicable U.S. and state securities laws.

(d) At the option of the Holder, Bonds may be exchanged for Bonds of any Authorized Denomination, of a like aggregate principal amount, Stated Maturity and interest rate, upon the surrender of the Bonds to be exchanged at such office or agency. Whenever any Bonds are so surrendered for exchange, the District shall execute, and the Bond Registrar shall authenticate and deliver, the Bonds that the Bondholder making the exchange is entitled to receive, provided Bonds in one Interest Mode may be exchanged only for Bonds in the same Interest Mode.

(e) All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the District, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bonds surrendered upon such transfer or exchange.

(f) Every Bond presented or surrendered for transfer or exchange shall (if so required by the District or the Bond Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the District and the Bond Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any transfer or exchange of Bonds, but the District and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, other than exchanges expressly provided in this Indenture to be made without expense or without charge to Holders.

The District and the Bond Registrar shall not be required (1) to issue, transfer or exchange any Bonds during a period beginning at the opening of business 15 days before the day of mailing of a notice of redemption of Bonds selected for redemption under Section 3.04 hereof and ending at the close of business on the day of such mailing or (2) to transfer or exchange any Bond selected for redemption in whole or in part; provided, however, the ability of Bondholders to tender Bonds for purchase on the Purchase Date shall remain unaffected.

Section 2.06 Mutilated, Destroyed, Lost and Stolen Bonds. If (a) any mutilated Bond is surrendered to the Bond Registrar, or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Bond, and (b) there is delivered to the Bond Registrar such security or indemnity as may be required by it to save each of the District and the Bond Registrar harmless, then, in the absence of notice to the District or the Bond Registrar that such Bond has been acquired by a bona fide purchaser, the District shall execute and, upon its request, the Bond Registrar shall authenticate and deliver in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Bond, a new Bond of like tenor, series, Interest Mode and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond under this Section, the District and the Bond Registrar may require the payment by the Holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Bond Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Bond shall constitute an original additional contractual obligation of the District, whether or not the mutilated, destroyed, lost or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits and security of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds.

Section 2.07 Payment of Interest on Bonds; Interest Rights Preserved.

(a) Interest on any Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Bond is registered at the close of business on the Regular Record Date for such interest.

(b) Any interest on any Bond that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder thereof on the relevant Regular Record Date by virtue of having been such Holder; and such Defaulted Interest shall be paid by the District (but only from the sources provided herein) to the Persons in whose names the Bonds are registered at the close of business on a special record date ("Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Trustee shall, at the direction of the District, determine the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the District shall deposit (but only from the sources provided herein) with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of Persons entitled to such Defaulted Interest. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the District of such Special Record Date and, in the name and at the expense of the District, shall cause notice of the date and amount of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Bondholder at his address as it appears in the Bond Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Bonds are registered on such Special Record Date.

(c) Liquidity Bank Differential shall be paid to the Person in whose name such Bond was registered on the date the Liquidity Bank Differential became due.

(d) Subject to the foregoing provisions of this Section, each Bond delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Bond shall carry the rights to interest accrued and unpaid, and to accrue, that were carried by such other Bonds.

Section 2.08 Determination of Interest Rate on the Bonds.

(a) Generally. The Bonds shall bear interest as provided herein from and including the date of issuance and delivery to the initial purchaser thereof to but excluding the date of payment in full of the Bonds (computed on the basis of a 360-day, 365-day or 366-day, as the case may be, year for actual number of days elapsed during any period in which the Bonds bear interest at a Daily Rate, Commercial Paper Rate or Weekly Rate, respectively; and a 360-day year of twelve 30-day months during any period in which the Bonds bear interest at a Fixed Rate or the Initial Rate). The interest rate on the Bonds will be determined as provided in this Section; provided, however, that the rate in effect shall not exceed the Maximum Rate.

(b) Daily Rate. A Bond will bear interest at the Daily Rate, beginning on the Conversion Date with respect to the prior Interest Mode, established by the Remarketing Agent on or prior to such Conversion Date. Thereafter, while the Bonds are in a Daily Rate Period, at or before 10:00 a.m., New York, New York time, on each Business Day during such Daily Rate Period, the Remarketing Agent shall determine the minimum rate per annum which would permit the remarketing at par of the Bonds on such Business Day. The lesser of the rate so determined or the Maximum Rate shall be the Daily Rate for such Business Day and for each succeeding day which is not a Business Day. If for any reason the Remarketing Agent does not determine a Daily Rate or the Daily Rate determined by the Remarketing Agent is invalid or unenforceable, the Daily Rate thereafter will be the lesser of: (i) 110% of the SIFMA Index or (ii) the Maximum Rate, until the Remarketing Agent again determines a valid and enforceable Daily Rate. Upon setting each Daily Rate, the Remarketing Agent will give prompt electronic notice thereof to the District and the Trustee. Each determination of the Daily Rate shall be conclusive and binding upon the District, the Trustee, the Tender Agent, the Credit Enhancer, if any, the Liquidity Bank, if any, and the Bondholders.

(c) Commercial Paper Rate. A Bond will bear interest at the Commercial Paper Rate following the Conversion Date with respect to the prior Interest Mode, and each such Bond will bear interest at the Commercial Paper Rate applicable to it during each Commercial Paper Rate Period applicable to it. The Remarketing Agent will set the Commercial Paper Rate Period and the related Commercial Paper Rate for each Commercial Paper Rate Bond not earlier than five Business Days prior to the first day of the Commercial Paper Rate Period for each such Bond and not later than 12:00 p.m., New York, New York time, on the first day of each Commercial Paper Rate Period for such Commercial Paper Rate Bond. The Commercial Paper Rate applicable to each Commercial Paper Rate Bond will be the rate determined by the Remarketing Agent to be the lesser of the Maximum Rate or the lowest interest rate that would be necessary for the Remarketing Agent to remarket such Commercial Paper Rate Bond on the first day of the applicable Commercial Paper Rate Period at a price of par. On any given date, the Commercial Paper Rates in effect for various Commercial Paper Rate Bonds may be different; the Commercial Paper Rate established by the Remarketing Agent for Commercial Paper Rate Bonds having Commercial Paper Rate Periods beginning and ending at the same times are not required to be identical.

(d) Commercial Paper Rate Periods. The Remarketing Agent shall select the Commercial Paper Rate Period or Periods for each Bond on a Business Day not earlier than five Business Days prior to the first day of such period or periods with respect to such Bond and not later than 12:00 p.m., New York, New York time on the first day of such period or periods. Each such period shall be a period of not less than one nor more than 270 days determined by the Remarketing Agent with the intention of yielding the lowest overall interest expense on such Bonds sold at a price of par over such Commercial Paper Rate Period, taking into account (i) all other Commercial Paper Rate Periods for all of the Bonds, (ii) general economic and market conditions relevant to the Bonds and (iii) such other facts, circumstances and conditions as the Remarketing Agent determines to be relevant; provided, however, that for so long as any Bond is registered in the name of Cede & Co. as nominee of DTC, the Remarketing Agent shall only select a Commercial Paper Rate Period consistent with the eligible periods established from time to time by DTC. The last day of each Commercial Paper Rate Period shall be a day immediately preceding a Business Day.

If the Interest Mode is being converted from a Commercial Paper Rate to a Daily Rate, Fixed Rate or Weekly Rate, the Remarketing Agent shall determine Commercial Paper Rate Periods in such manner that, as soon as possible, all Commercial Paper Rate Periods with respect to the affected Bonds shall end on the same date. The Remarketing Agent, promptly upon the determination of the last day of such Commercial Paper Rate Periods prior to conversion to a new Interest Mode, shall give written notice of such last day and such Conversion Date to the District, the Tender Agent and the Trustee. The day next succeeding the last day of all such Commercial Rate Periods shall be the effective date of the Daily Rate Period, Fixed Rate Period, or Weekly Rate Period, as appropriate, with respect to the affected Bonds.

(e) Notice of Commercial Paper Rates and Commercial Paper Rate Periods. Prior to or on the first day of each Commercial Paper Rate Period, the Remarketing Agent shall give written notice to the District, the Tender Agent and the Trustee of the principal amount of Bonds for which such period was established, the Commercial Paper Rate established for such period, and the duration of such Commercial Paper Rate Period. Each determination of the Commercial Paper Rate and the Commercial Paper Rate Period shall be conclusive and binding upon the District, the Trustee, the Tender Agent, the Credit Enhancer, if any, the Liquidity Bank, if any, and the Bondholders, and the Tender Agent and the Trustee may each conclusively rely on the correctness (and compliance with the applicable requirements hereof) of any of the foregoing so indicated to it.

(f) Fixed Rate. A Bond shall bear interest at the Fixed Rate following the Conversion Date with respect to the prior Interest Mode, and each such Bond will bear interest at the Fixed Rate to the date of payment in full of such Bond. The Remarketing Agent will determine the Fixed Rate applicable to each Fixed Rate Bond on or before the second preceding Business Day prior to such Conversion Date, which shall be the rate that if borne by such Bond would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for securities which are comparable to such Bond, enable the Remarketing Agent to sell such Bond at a price of par on such Conversion Date. The Remarketing Agent shall give written notice to the District and the Trustee of the Fixed Rate. The determination of the Fixed Rate shall be conclusive and binding upon the District, the Trustee, the Tender Agent, the Credit Enhancer, if any, the Liquidity Bank, if any, and the Bondholders.

(g) Weekly Rate. Weekly Rate Bonds shall bear interest payable at the lesser of the Maximum Rate or the minimum rate per annum which would permit the remarketing at par of the Weekly Rate Bonds on the Thursday such rate becomes effective in accordance with this paragraph. On or before 5:00 p.m., New York, New York time, on each Wednesday, the Remarketing Agent shall determine the Weekly Rate effective on the Thursday following such Wednesday, and such Weekly Rate shall continue in effect until the next Weekly Rate is effective. In the event that a Wednesday is not a Business Day, then the Weekly Rate will be determined as described above on the Business Day immediately preceding that Wednesday to be effective on the following Thursday. Upon setting each Weekly Rate, the Remarketing Agent shall give prompt electronic notice thereof to the District and the Trustee. If for any reason the Remarketing Agent does not determine a Weekly Rate as described above or the Weekly Rate determined by the Remarketing Agent is invalid or unenforceable, the Weekly Rate thereafter will be the lesser of: (i) 110% of the SIFMA Index or (ii) the Maximum Rate, until the Remarketing Agent again determines a valid and enforceable Weekly Rate.

(h) Initial Rate. The interest rate for the Initial Bonds shall be the rate set forth in the Approval Certificate and in the First Bond, from the Issue Date through the day immediately preceding the First Initial Bonds Remarketing Date. The first Initial Rate Period shall extend from the Issue Date to (but not including) the First Initial Bonds Remarketing Date. Not less than sixty (60) days prior to any Initial Bonds Remarketing Date, the District, after consultation with the Company and the Remarketing Agent, shall designate (i) the aggregate principal amount of then Outstanding Initial Bonds that shall be remarketed as Initial Bonds on such Initial Bonds Remarketing Date, (ii) the aggregate principal amount of Initial Bonds to be converted to another Interest Mode on such Initial Bonds Remarketing Date and (iii) the Interest Mode or Interest Modes to which such Multi-Modal Bonds shall convert; provided, however, that no Initial Bonds shall be remarketed as Bonds bearing interest at a different Initial Rate as described in Section 2.17(d) hereof or in another Interest Mode unless all Initial Bonds then Outstanding have been repurchased at the Purchase Price.

On or prior to one Business Day prior to any Initial Bonds Remarketing Date, if any Initial Bonds are to be remarketed as Initial Bonds, the District shall, in consultation with the Remarketing Agent and the Company, determine the next Initial Bonds Remarketing Date, the date (if any) at which such remarketed Initial Bonds shall become subject to optional redemption in accordance with the terms of this Indenture and any premium associated with such optional redemption; provided, however, that no Initial Bonds shall be remarketed as Initial Bonds on any Initial Bonds Remarketing Date unless all Initial Bonds are repurchased at a price equal to the Purchase Price and there shall be delivered to the Trustee (i) an amendment to the Standby Bond Purchase

Agreement pursuant to which (A) the Company and Jefferson Holdings shall agree to pay the Purchase Price of Initial Bonds tendered (or deemed tendered) on the following Initial Bonds Remarketing Date in the event any of such Initial Bonds have not been repurchased from proceeds of a remarketing or redeemed, or defeased to a date, on or prior to such following Initial Bonds Remarketing Date; and (B) Jefferson Holdings shall guarantee the payment of all Rent and all principal of, premium, if any, and interest on the Initial Bonds payable prior to repurchase of the Initial Bonds from proceeds of a remarketing or redemption of the Initial Bonds or defeasance of the Initial Bonds to a date, in each case, on or prior to the ensuing Initial Bonds Remarketing Date; (ii) an amendment to the Capital Call Agreement, pursuant to which FTAI shall agree (A) to provide funds sufficient to permit Jefferson Holdings to satisfy its obligations under the Standby Bond Purchase Agreement, as amended in connection with the foregoing; (B) to maintain on a consolidated basis "Total equity," as reflected in FTAI's quarterly and annual reports filed with the SEC (or the equivalent thereof as reported by any successor to or assign of FTAI in accordance with the Capital Call Agreement), that is not less than two times the aggregate principal of and interest payable on or before the ensuing Initial Bonds Remarketing Date on the Initial Bonds; provided that FTAI may satisfy any deficiency between such "Total equity" and the amount that is two times the aggregate principal of and interest payable on or before the ensuing Initial Bonds Remarketing Date on the Initial Bonds as provided for in the Capital Call Agreement; (C) to maintain on a consolidated basis an aggregate book value of Aviation Assets that is not less than (1) the aggregate principal of and interest payable on or before the ensuing Initial Bonds Remarketing Date on the Initial Bonds, less (2) any cash held in the Reserve Fund on the date of determination; (D) not to, and cause its subsidiaries that hold any Aviation Assets (collectively, the "Aviation Subsidiaries") not to, incur any liens securing indebtedness for borrowed money or capital leases on any asset of the Aviation Subsidiaries, other than certain liens permissible pursuant to the Capital Call Agreement; and (E) in the event that FTAI and its Aviation Subsidiaries are not in compliance with the covenants described above, and such noncompliance continues for two consecutive quarter-end dates as reflected in FTAI's quarterly and annual reports filed with the SEC (or, with respect to clause (D) above, such noncompliance continues for a period of not less than 90 days), FTAI will contribute to Jefferson Holdings an amount in cash equal to (1) the then-applicable Available Commitment, which amount will be held in the Reserve Fund, less (2) any cash held in the Reserve Fund on the date of determination (prior to any required contribution made pursuant to clause (1) above); and (iii) an amendment to the Facilities Lease providing for Facilities Lease Rent sufficient to furnish the payment of principal of and interest on the Initial Bonds (but not the Purchase Price therefor) as the same shall respectively be due and payable until all Initial Bonds have been repurchased from proceeds of a remarketing or redeemed, or defeased to a date on or prior to such following Initial Bonds Remarketing Date. Notice of the interest rate assigned to the Initial Bonds for the ensuing Initial Rate Period, the next Initial Bonds Remarketing Date, the optional redemption date (if any) and the premium associated therewith shall be delivered in writing by the Remarketing Agent to the District, the Company, Jefferson Holdings, the Trustee and the Tender Agent not later than one Business Day prior to such Initial Bonds Remarketing Date.

(i) No Liability. In determining the interest rates that the Bonds shall bear as provided in this Section, the Remarketing Agent shall have no liability to the District, the Company, Jefferson Holdings, the Tender Agent, the Trustee or any Holder, except for its negligence or willful misconduct.

Section 2.09 Persons Deemed Owners. The District, the Trustee, the Authenticating Agent, the Bond Registrar, the Tender Agent, the Credit Enhancer, if any, the Liquidity Bank, if any, and any of their respective agents shall treat the Person in whose name any Bond is registered on the Regular Record Date as the owner of such Bond for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 2.07) interest on such Bond and on any other date for all other purposes whatsoever whether or not such Bond be overdue, and except as otherwise provided in this Indenture, neither the District, the Trustee, nor any agent of the District or the Trustee shall be affected by notice to the contrary.

Section 2.10 Cancellation. All Bonds surrendered for payment, redemption, transfer or exchange shall, if delivered to any Person other than the Bond Registrar, be delivered to the Bond Registrar and, if not already canceled, shall be promptly canceled by it. The District or the Company may at any time deliver to the Bond Registrar for cancellation any Bonds previously authenticated and delivered hereunder that the District or the Company may have acquired in any lawful manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Bond Registrar. No Bonds shall be authenticated in lieu of or in exchange for any Bonds canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Bonds held by the Bond Registrar shall be maintained or disposed of according to the retention policies of the Bond Registrar in effect from time to time.

Section 2.11 Subrogation. Whenever the Trustee or any Paying Agent shall make any payment to any Holder of the Bonds with funds drawn under a Credit Facility, the Credit Enhancer paying such draw and its assigns shall thereafter, to the extent of the amount so paid, be subrogated to the rights thereon of the Holders thereof to whom such payment was made, and such payment shall not be deemed paid by the District and such Bonds shall be deemed Outstanding for all purposes of this Indenture, to the extent of such payment, and shall not be cancelled and the Credit Enhancer shall be entitled to the registration of such Bonds evidencing such obligation.

Section 2.12 Conversion of Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Rate Bonds and Initial Bonds.

(a) All of the Daily Rate Bonds, Weekly Rate Bonds or Commercial Paper Rate Bonds may be converted to bear interest at any other Interest Mode (other than the Initial Rate) at the option of the District by written notice to the Trustee, the Remarketing Agent and the Tender Agent at least forty-five (45) days prior to the proposed Conversion Date; provided that no such Bond shall be converted to another Interest Mode (other than to a Fixed Rate) unless a Liquidity Facility or a Credit Facility is in place that enables the Bonds to be assigned an investment-grade credit rating by a Rating Service upon conversion to such Interest Mode. At

least thirty (30) days prior to the Conversion Date, the Trustee shall notify the Bondholders, by first-class mail or overnight delivery, of the proposed Conversion Date and that their Bonds shall be subject to mandatory tender on such Conversion Date.

(b) On any Initial Bonds Remarketing Date, unless the Initial Bonds are purchased pursuant to the Standby Bond Purchase Agreement, or the Initial Bonds are being redeemed on such date by the District, the District shall either (i) cause the Initial Bonds to be remarketed as Initial Bonds or (ii) cause the Initial Bonds to be converted to bear interest at any other Interest Mode, in accordance with Section 2.08(h) hereof; provided that no such Initial Bond shall be converted to another Interest Mode (other than to a Fixed Rate) unless a Liquidity Facility or a Credit Facility is in place that enables the Bonds to be assigned an investment-grade credit rating by a Rating Service upon conversion to such Interest Mode.

(c) Multi-Modal Bonds that have been converted to a different Interest Mode shall bear interest at the Weekly Rate, Daily Rate, Commercial Paper Rate or Fixed Rate therefor, as appropriate, from the Conversion Date with respect to the prior Interest Mode and shall mature on the Stated Maturity of the Bonds (subject to redemption or acceleration pursuant to the terms of this Indenture).

(d) The conversion of Multi-Modal Bonds shall become effective on the Conversion Date with respect to the prior Interest Mode, provided that (i) the Trustee shall not have received a District Order that the conversion be revoked; (ii) the Trustee, the District, the Credit Enhancer, if any, and the Liquidity Bank, if any, shall have received an Opinion of Bond Counsel, dated such Conversion Date; (iii) the Weekly Rate or Rates, the Daily Rate or Rates, the Commercial Paper Rate or Rates, or the Fixed Rate or Rates have been determined as set forth in Section 2.08 hereof; and (iv) the Bonds to be converted are purchased or remarketed pursuant to an agreement between the District and a nationally recognized financial institution or dealer (which may be the Remarketing Agent). If a conversion does not become effective, the Daily Rate Bonds, the Weekly Rate Bonds, the Commercial Paper Rate Bonds or the Initial Bonds proposed to be converted shall remain in their Interest Mode, provided that (i) Bonds shall remain in the Daily Rate, the Weekly Rate, or the Commercial Paper Rate only if a Liquidity Facility or a Credit Facility remains in place that enables the Bonds to maintain an investment-grade credit rating by a Rating Service after the date that such conversion was to become effective, and (ii) Initial Bonds shall remain in the Initial Rate only to the extent that the conditions specified in Section 2.08(h) hereof for the remarketing of Initial Bonds as Initial Bonds on any Initial Bonds Remarketing Date have been met.

(e) Once the Bonds are converted to Fixed Rate Bonds, they shall not be subject to further conversions.

Section 2.13 Temporary Initial Bonds. Pending the preparation of definitive Bonds, the District may execute, and, upon written direction of the District, the Bond Registrar shall deliver, temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Bonds may determine, as evidenced by their execution of such Bonds.

If temporary Bonds are issued, the District will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the office or agency of the District in a Place of Payment, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Bonds, the District shall execute and the Bond Registrar shall authenticate and deliver in exchange therefor a like principal amount of definitive Bonds of Authorized Denominations. Until so exchanged, temporary Bonds that have attached to them an executed registration certificate of the Comptroller of Public Accounts of the State of Texas in the form set forth in the applicable form of Bond shall in all respects be entitled to the same benefits under this Indenture as definitive Bonds.

Section 2.14 Book Entry System.

(a) The Bonds may and initially shall be registered under a Book Entry System maintained by a Depository. Notwithstanding any inconsistent provisions in this Indenture to the contrary, the provisions of this Section 2.14 shall govern at any time the Bonds are issued and Outstanding in Book Entry Form.

(b) Under the Book Entry System, the Bonds shall be issued in the form of a separate, single, fully registered and immobilized bond certificate representing the aggregate principal amount of the Bonds or shall be issued in several certificates, each not exceeding \$100,000,000 denominations if required by the Depository. Except as provided herein, the ownership of such Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of The Depository Trust Company, which will serve as initial Depository for the Bonds. Ownership of beneficial interests in the Bonds shall be shown by book entry on the records maintained and operated by the Depository and its participants and indirect participants (such participants and indirect participants being collectively referred to as the "Participants"), and transfers of ownership of beneficial interests shall be made only by the Depository and its Participants by book entry, and the District and the Trustee shall have no responsibility therefor. The Depository will be required to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants will be required to maintain records of the purchasers of beneficial interests in the Bonds (the "Beneficial Owners"). Except as provided in subsections (i) and (p) of this Section 2.14, the Bonds shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of a Depository, or if required in connection with record keeping purposes.

(c) With respect to Bonds registered in the Bond Register in the name of the Depository or its nominee, none of the District, the Company, Jefferson Holdings, the Credit Enhancer, if any, the Liquidity Bank, if any, the Tender Agent or the Trustee shall have any responsibility or obligation to any Participant or to any Beneficial Owner for whom a Participant acquires an interest in the Bonds. NONE OF THE DISTRICT, THE COMPANY, JEFFERSON HOLDINGS, THE CREDIT ENHANCER, IF ANY, THE LIQUIDITY BANK, IF ANY, THE TENDER AGENT OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY THE DEPOSITORY OR ANY PARTICIPANT; (ii) THE PAYMENT BY THE DEPOSITORY OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF, OR INTEREST, AND PREMIUM, IF ANY, ON OR REDEMPTION PRICE OR PURCHASE PRICE OF THE BONDS; (iii) THE DELIVERY BY THE DEPOSITORY OR ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO HOLDERS UNDER THE TERMS OF THIS INDENTURE; (iv) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (v) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY THE DEPOSITORY AS OWNER OF THE BONDS. NONE OF THE DISTRICT, THE COMPANY, JEFFERSON HOLDINGS, THE TENDER AGENT OR THE TRUSTEE HAS ANY DIRECT OBLIGATION OR RESPONSIBILITY TO PARTICIPANTS OR BENEFICIAL OWNERS.

(d) So long as the Bonds or any portions thereof are registered in the name of a Depository or any nominee thereof, all payments of principal of (premium, if any) or interest on the Bonds and Purchase Price or redemption price of such Bonds shall be made only to or upon the order of such Depository on the dates and at the times provided for such payment under this Indenture and at the address indicated for such Depository in the Bond Register kept by the Bond Registrar by transfer of immediately available funds; provided that the Trustee or Tender Agent has received sufficient funds from the sources described in this Indenture to make such payment. Each such payment to the Depository or its nominee shall be valid and effective to fully satisfy and discharge all liability of the District or the Trustee or the Tender Agent with respect to the principal of (premium, if any) or interest on the Bonds, and Purchase Price or redemption price with respect to the Bonds so registered to the extent of the sum or sums so paid. In the event of payment of the Purchase Price of the Bonds or in the event of the redemption of less than all of the Bonds Outstanding of any Stated Maturity, the Trustee or the Tender Agent shall not require surrender by the Depository or its

nominee of the Bonds so purchased or redeemed, and the Depository may retain such Bonds. In the event of partial purchase or redemption of the Bonds, the Depository shall make an appropriate notation on the Bonds as to the amount of such partial redemption; provided that the Depository shall deliver to the Trustee, upon request, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such Stated Maturity which have been redeemed or purchased. None of the District, the Company, Jefferson Holdings, the Credit Enhancer, if any, the Liquidity Bank, if any, the Tender Agent or the Trustee shall be liable for the failure of the Depository to properly indicate on the Bonds the payment of such principal or redemption price.

(e) All transfers of beneficial ownership interests in the Bonds when issued in Book Entry Form shall be effected by procedures promulgated by the Depository with its Participants for recording and transferring the ownership of beneficial interest in each of such Bonds.

(f) The District, the Company, the Credit Enhancer, if any, the Liquidity Bank, if any, the Tender Agent, the Bond Registrar, and the Trustee and any of their respective agents may treat the Depository (or its nominee) as the sole and exclusive Bondholder of the Bonds registered in its name for the purposes of payment of the principal of (premium, if any) or interest on the Bonds or Purchase Price or redemption price with respect to the Bonds, selecting the Bonds or portions thereof to be redeemed or purchased, giving any notice permitted or required to be given to Bondholders under this Indenture, registering the transfer of Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and the District, the Company, the Credit Enhancer, if any, the Liquidity Bank, if any, the Tender Agent and the Trustee shall not be affected by any notice to the contrary.

(g) So long as the Bonds are registered in the name of the Depository or any nominee thereof, all notices required or permitted to be given to the Holders of such Bonds under this Indenture shall be given to the Depository in accordance with the policies and procedures of the Depository. In connection with any notice or other communication to be provided to Holders pursuant to this Indenture by the District, the Company, the Tender Agent or the Trustee with respect to any consent or other action to be taken by Holders, the Depository shall consider the date of receipt of notice requesting such consent or other action as the record date for such consent or other action, provided that the District, the Tender Agent or the Trustee may establish a special record date for such consent or other action. The District, the Tender Agent or the Trustee shall give the Depository notice of such special record date not less than 15 calendar days in advance of such special record date to the extent possible.

(h) Any successor Trustee or Tender Agent, in its written acceptance of its duties under this Indenture, shall agree to take any actions necessary from time to time to comply with the requirements of such Depository.

(i) The Depository may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable written notice to the Trustee and the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstance (if there is not a successor Depository), Bond certificates will be delivered as described elsewhere in Article II of this Indenture. Upon receipt of such notice from the Depository, the Trustee shall provide a copy of the notice to the District. The District, in its sole discretion, and without the consent of any other Person, may terminate the services of the Depository with respect to the Bonds if the District determines that: (i) the Depository is unable to discharge its responsibilities with respect to the Bonds; or (ii) a continuation of the requirement that all of the Bonds be registered in the Bond Register in the name of the nominee of the Depository is not in the best interest of the Beneficial Owners. In the event that no substitute Depository is found by the District or restricted registration is no longer in effect, Bond certificates will be delivered as described in Article II of this Indenture. Upon the termination of the services of the Depository with respect to the Bonds pursuant to this Section 2.14(i), after which no successor Depository willing to undertake the functions of the Depository hereunder can be found that, in the opinion of the District, is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the nominee of the Depository, but may be registered in the name or names and in such maturities and principal amounts as the Depository shall designate in writing to the Bond Registrar in accordance with the provisions elsewhere in Article II of this Indenture, but without any liability on the part of the District or the Bond Registrar for the accuracy of such designation. Upon the termination of the services of the Depository with respect to the Bonds for any reason and the appointment of a successor Depository, all references in this Indenture to the Depository shall refer to such successor Depository. Whenever the Depository requests the District and the Trustee to do so, the District and the Trustee shall cooperate with the Depository in taking appropriate action after reasonable notice to arrange for another Depository to maintain custody of certificates evidencing the Bonds.

(j) For Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Rate Bonds and Initial Bonds, the Paying Agent shall notify the Depository of interest payable on the Interest Payment Date as provided in the policies and procedures of the Depository or any letter of representation (the "Representation Letter") entered into among the District, the Trustee and the Remarketing Agent addressed to the Depository with respect to the Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Rate Bonds and Initial Bonds.

(k) Any notices regarding the determination of the Daily Rate, the Commercial Paper Rate, the Weekly Rate or the Initial Rate shall also be sent by the Remarketing Agent to the Depository in accordance with the policies and procedures of the Depository, including the provisions of the Representation Letter.

(l) Any notices regarding a conversion to a different Interest Mode shall also be sent to the Depository in accordance with the policies and procedures of the Depository, including the provisions of the Representation Letter.

(m) Tenders and all deliveries of Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Rate Bonds and Initial Bonds shall be made pursuant to the Depository's deliver order procedures, as are in effect from time to time.

(n) Upon remarketing of Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Rate Bonds or Initial Bonds, payment of the Purchase Price thereof shall be made to the Depository, and no surrender of Daily Rate Bonds, Commercial Paper Rate Bonds, Initial Bonds or Weekly Rate Bonds is required. Such sales shall be made through the Participants (which may include the Remarketing Agent) to the new Beneficial Owners of such Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Rate Bonds or Initial Bonds, as applicable, and the Participants shall transmit payment to Beneficial Owners whose Bonds were purchased pursuant to a remarketing. None of the District, the Trustee, Jefferson Holdings, the Credit Enhancer, if any, the Liquidity Bank, if any, the Tender Agent or the Remarketing Agent are responsible for transfer of payment to the Participants or Beneficial Owners.

(o) So long as any Bonds are registered in the name of the nominee of the Depository, a legend prescribed by the Depository to that effect may but need not be printed on such Bond certificate.

(p) Any Bonds that are Liquidity Bank Bonds, at the request of the Liquidity Bank, shall be withdrawn from the Book Entry System, registered by the Bond Registrar in the name of the Liquidity Bank and delivered in certificated form to or at the direction of the Liquidity Bank.

Section 2.15 Liquidity Facility.

(a) No Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds shall be delivered unless a Liquidity Facility complying with the terms hereof shall be delivered to the Trustee. The Trustee (if the beneficiary of the Liquidity Facility, otherwise the Tender Agent) shall draw on the Liquidity Facility pursuant to the terms thereof and this Indenture for the purpose of paying the Purchase Price of Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds that are tendered or deemed tendered for purchase pursuant to a Mandatory Tender, or in the case of Daily Rate Bonds or Weekly Rate Bonds, an Optional Tender, if in each case such Bonds are not remarketed.

(b) The Trustee shall release and return the Liquidity Facility (which secures the Purchase Price of any Bonds) to the Liquidity Bank to an address specified by the Liquidity Bank (1) when there are no such Outstanding Bonds (determined without regard to Section 10.02 hereof); or (2) when the Liquidity Facility has expired or been terminated in accordance with its terms; or (3) when a successor Trustee has been appointed and qualified pursuant to Article VIII hereof, and a new Liquidity Facility has been issued to such successor Trustee; or (4) when the maximum aggregate credit available under the Liquidity Facility is reduced pursuant to the terms thereof and the Liquidity Bank has issued a new Liquidity Facility to the Trustee in the stated amount of the maximum aggregate credit available under the Liquidity Facility as so reduced but otherwise identical to the Liquidity Facility to be released; or (5) when there is in effect an alternate Liquidity Facility satisfactory to the Trustee if the Trustee shall have written notice from each Rating Service maintaining a short-term credit rating with respect to the Bonds at such time that such release will not result in a reduction or withdrawal of its short-term credit rating then assigned to the Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds secured by such Liquidity Facility; or (6) on the Conversion Date when all such Bonds are converted to Fixed Rate Bonds.

Section 2.16 Acceptance of a Liquidity Facility.

(a) The Trustee shall accept a Liquidity Facility, including a Liquidity Facility in substitution for the Liquidity Facility then in effect or an extension or amendment thereof, only upon receipt of an Opinion of Bond Counsel stating that (1) such Liquidity Facility, or extension or amendment, satisfies the conditions of this Section; (2) such Liquidity Facility, or extension or amendment, constitutes a valid, and binding obligation of the obligor thereon and is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws for the relief of debtors other than the District or the Company and by general principles of equity which permit the exercise of judicial discretion); (3) such Liquidity Facility, or extension or amendment, is not subject to registration under the Securities Act of 1933, as amended, or that such registration requirements have been complied with; and (4) the acceptance of such Liquidity Facility will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bond; provided, however, that to the extent remarketing proceeds are not available, the Trustee shall draw on the existing Liquidity Facility in connection with any mandatory tender required by the proposed acceptance of an alternate Liquidity Facility and shall not release or surrender the existing Liquidity Facility until the existing Liquidity Bank has honored such draw. The Trustee shall not be required to accept any such alternate Liquidity Facility which materially adversely affects the rights, duties, and immunities of the Trustee or its agents hereunder.

(b) The Trustee shall receive notice from the District at least forty-five (45) days prior to the proposed substitution of any existing Liquidity Facility. Following receipt of such notice of an alternate Liquidity Facility, the Trustee shall send written notice to the Holders of the Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds that such substitution shall occur on a specified date without a Mandatory Tender if each Rating Service maintaining a short-term credit rating with respect to the Bonds at such time has notified the Trustee that the substitution will not result in a reduction or withdrawal of its short-term credit rating then assigned to the Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds. Notices shall be sent by facsimile, first-class mail or overnight delivery, at least 10 Business Days prior to the proposed date of substitution.

Section 2.17 Purchase Fund.

(a) While Initial Bonds, Daily Rate Bonds, Weekly Rate Bonds or Commercial Paper Rate Bonds are Outstanding, the Tender Agent shall establish a special fund to be designated the "Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) Purchase Fund" (the "Purchase Fund") and for the account of the Persons described in subsection (c) of this Section until all Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds Outstanding and not yet due have been converted to bear interest at the Fixed Rate. The money deposited to the Purchase Fund shall be held in trust solely for the benefit of the respective Persons which shall have so delivered such money until the Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds purchased with such money are delivered to such Persons. The Bonds delivered for purchase hereunder shall be held in trust solely for the benefit of the respective Bondholders which have so delivered such Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds until money representing the Purchase Price of such Bonds has been delivered to or for the account of or to the order of such Bondholders and, thereafter, in the case of Liquidity Bank Bonds, for the benefit of the Liquidity Bank until disposed of pursuant to the instructions thereof. The Purchase Fund shall contain the following accounts: the Remarketing Account; the

Initial Bonds Standby Bond Purchase Account; and the Liquidity Account, and each subaccount or account within the Purchase Fund shall be segregated from any other funds in the Purchase Fund and the deposits into such subaccounts or accounts and the monies in such subaccounts or accounts shall be used solely as described below. The Trustee shall deposit into the Remarketing Account proceeds of the remarketing of Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds (other than amounts remitted by the Company, Jefferson Holdings or any affiliates pursuant to the Standby Bond Purchase Agreement). Any amounts remitted by the Company, Jefferson Holdings or any affiliate and directed toward the purchase of Outstanding Bonds, other than pursuant to the Standby Bond Purchase Agreement, shall be considered remarketing proceeds and shall be deposited into the Remarketing Account. The Trustee shall deposit into the Liquidity Account the proceeds of draws made on a Liquidity Facility to pay the Purchase Price of Daily Rate Bonds, Weekly Rate Bonds and Commercial Paper Bonds. The Trustee shall deposit into the Initial Bonds Standby Bond Purchase Account amounts received from the Company, Jefferson Holdings or any affiliate or otherwise deposited with the Trustee pursuant to the Standby Bond Purchase Agreement.

(b) The Trustee shall, or shall cause the Tender Agent to, deposit to the credit of the Purchase Fund promptly upon receipt all amounts received by it for the purchase of Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds.

(c) The Tender Agent shall apply immediately available funds in the Purchase Fund on each Purchase Date to pay the Purchase Price of Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds properly tendered for purchase, from the following sources and in the following order of priority:

(i) first, from the Remarketing Account of the Purchase Fund from immediately available proceeds of the remarketing of such Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds deposited to the Remarketing Account by 12:00 noon, New York, New York time, on the Purchase Date; and

(ii) second, (A) with respect to Daily Rate Bonds, Weekly Rate Bonds and Commercial Paper Bonds, from the Liquidity Account of the Purchase Fund if the Liquidity Facility obligates the Liquidity Bank to provide funds for the purchase of such Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds (but not the Initial Bonds) tendered or deemed tendered pursuant to the provisions of the Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds, and (B) with respect to Initial Bonds, from amounts on deposit in the Initial Bonds Standby Bond Purchase Account transferred from the Company or Jefferson Holdings or otherwise deposited with the Trustee pursuant to the Standby Bond Purchase Agreement.

(d) **ANYTHING TO THE CONTRARY HEREIN NOTWITHSTANDING, THE PROVISIONS OF THE FOLLOWING THREE PARAGRAPHS SHALL APPLY TO INITIAL BONDS:**

(i) Not later than 30 days prior to any Initial Bonds Remarketing Date, the Trustee shall provide notice to Initial Bondholders stating the Initial Bonds Remarketing Date and that the Initial Bonds will be subject to mandatory tender for purchase at the Purchase Price on such date. Not later than 15 days prior to any Initial Bonds Remarketing Date, the Trustee shall provide notice to the District, the Company, Jefferson Holdings and FTAI stating (A) the Initial Bonds Remarketing Date, (B) the Purchase Price scheduled for payment on such Initial Bonds Remarketing Date with respect to all Initial Bonds that are Outstanding at the time of such notice and (C) that, unless the Trustee notifies otherwise on the Initial Bonds Remarketing Date, such amount must be remitted to the Trustee by no later than 2:00 p.m., New York, New York, time on that day.

(ii) Prior to 12:00 noon, New York, New York time, on the Initial Bonds Remarketing Date, the Trustee shall (1) calculate the following amount (the “Initial Bonds Purchase Price Shortfall”): (A) the Purchase Price scheduled for payment on such Initial Bonds Remarketing Date with respect to all Outstanding Initial Bonds, less (B) the amount deposited by 11:00 a.m., New York, New York time, to the Remarketing Account of the Purchase Fund from proceeds of the remarketing of such Initial Bonds; (2) provide notification via Electronic Means to the District, the Company, Jefferson Holdings and FTAI of the Initial Bonds Purchase Price Shortfall, even if such amount shall be equal to zero; (3) transfer any monies deposited in the Reserve Fund into the Initial Bonds Standby Bond Purchase Account; and (4) request that monies in the amount of the Initial Bonds Purchase Price Shortfall less any monies transferred into the Initial Bonds Standby Bond Purchase Account pursuant to clause (3) above (if such amount shall be greater than zero) be remitted to the Trustee by the Company, Jefferson Holdings and FTAI by no later than 2:00 p.m., New York, New York time, on that day. Moneys deposited with the Trustee in accordance with the foregoing sentence shall be deposited to the Initial Bonds Standby Bond Purchase Account. In the event the Trustee has not received the Purchase Price of all Outstanding Initial Bonds from remarketing proceeds and any funds provided pursuant to the Standby Bond Purchase Agreement, the Trustee shall promptly return remarketing proceeds to the respective Persons that delivered such money.

(iii) Initial Bonds purchased with monies from the Initial Bonds Standby Bond Purchase Account shall be delivered to the Tender Agent and shall be held in the name of the Company or Jefferson Holdings, as directed by the Company and Jefferson Holdings, pending future remarketing or cancellation thereof and, while so held, shall accrue interest at the Standby Rate. No such Bonds may be transferred unless the Remarketing Agent shall have given written notice to the District, the Company, Jefferson Holdings, the Trustee and the Tender Agent that such Initial Bonds have been remarketed at a price equal to the principal amount thereof. Such written notice shall also specify the Interest Mode or Interest Modes applicable to such remarketed Bonds and, with respect to any such remarketed Bonds that have been remarketed as Initial Bonds, the interest rate assigned to the Initial

Bonds for the ensuing Initial Rate Period, the next Initial Bonds Remarketing Date, the date (if any) at which such remarketed Initial Bonds shall become subject to optional redemption in accordance with the terms of this Indenture and any premium associated with such optional redemption. Such remarketed Initial Bonds shall be registered and delivered in accordance with Section 2.19 hereof. At any time prior to such remarketing, any such Initial Bond may be presented by the Company to the Trustee for cancellation.

(e) On each Purchase Date, for Bonds secured by a Liquidity Facility, the Trustee shall draw on, and deliver all documents required by, the Liquidity Facility at the time specified therein for the payment of the Purchase Price for all Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds, except Liquidity Bank Bonds or Bonds registered in the name of the Company or the District, required to be purchased on such Purchase Date and which have not been remarketed by 11:30 a.m., New York, New York time on such Purchase Date to receive proceeds of such drawing by 2:00 p.m. New York, New York time.

(f) Amounts received by the Tender Agent after 11:00 a.m., New York, New York time, in payment of the Purchase Price of tendered Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds sold pursuant to the Remarketing Agreement shall be promptly returned to the Person remitting the same or, if permitted or required by the Liquidity Facility, disbursed to the Liquidity Bank to the extent of funds drawn or claimed and received by the Trustee or the Tender Agent under the Liquidity Facility prior to such disbursement in payment of the Purchase Price of Liquidity Bank Bonds. If, at 5:00 p.m. New York, New York time on any Purchase Date with respect to Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds, any balance remains in the Purchase Fund, such excess shall be promptly disbursed, first, to the Liquidity Bank or the Credit Enhancer to the extent of any unpaid obligation under the Liquidity Facility or the Credit Facility, as applicable, and thereafter, to the District to the extent of any remaining balance. If, at 5:00 p.m. New York, New York time on any Purchase Date with respect to Initial Bonds, any balance remains in the Purchase Fund in excess of the unpaid Purchase Price of Initial Bonds, such excess shall be promptly disbursed to the District.

(g) In carrying out their respective responsibilities under this Section, the Trustee and the Tender Agent shall act on behalf and for the account and benefit of the Bondholders other than the District, Jefferson Holdings and the Company and not on behalf of, for the account or benefit of, or subject to the control of, the District, Jefferson Holdings or the Company.

(h) If and so long as there is a Liquidity Facility or a Credit Facility in effect, the Trustee or Tender Agent shall not release any Liquidity Bank Bond until it has received written notice that the amounts under the Liquidity Facility have been reinstated to cover such Liquidity Bank Bond.

(i) Any Bond (or portion thereof) for which notice of tender thereof on any Purchase Date is given in accordance with the provisions hereof, but which is not tendered for purchase by 12:00 noon, New York, New York time, on such Purchase Date (such Bonds or portions herein referred to as "Untendered Bonds") shall, upon deposit in the Purchase Fund of an amount sufficient to pay the Purchase Price of such Bond on such Purchase Date, be deemed to have been tendered and sold on such Purchase Date to the Person specified in Section 2.19 hereof, and thereafter (A)

the Holder of such Untendered Bond thereof shall not be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than the Purchase Price for such Bond, and such Untendered Bond (except any Bond issued in lieu thereof pursuant to this paragraph) shall no longer be entitled to the benefit of this Indenture, except for the purpose of payment of the Purchase Price therefor; and (B) the District shall execute, and the Trustee shall authenticate and deliver, in the name of the Person specified in Section 2.19 hereof, one or more new Bonds of any Authorized Denomination of a like aggregate principal amount.

Section 2.18 Application of Funds for Purchase Price of Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds.

(a) The Remarketing Agent shall notify the District, the Trustee, the Tender Agent, and the Liquidity Bank by 11:30 a.m., New York, New York time, on each date on which Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds are required to be purchased pursuant to an Optional Tender or a Mandatory Tender, and shall notify the District, the Trustee, and the Tender Agent of: (i) the aggregate principal amount of Bonds that are so required to be purchased; (ii) the aggregate principal amount of tendered Bonds that the Remarketing Agent has remarketed (and whether or not to the District) for settlement on such day; and (iii) if the amount described in clause (i) above exceeds the amounts described in clause (ii), (excluding Initial Bonds not remarketed) the amount, if any, which the Trustee will draw under the Liquidity Facility and the Liquidity Bank shall provide pursuant to the Liquidity Facility needed to purchase so that 100% of the Purchase Price of all Bonds tendered for purchase on such date shall have been paid. The Remarketing Agent shall remarket all Bonds at par and shall not remarket Bonds to the District or any guarantor of the Bonds or any affiliates thereof if such purchase would cause such Bonds to be no longer Outstanding, it being the intent hereof that any Bond purchased by the District or any affiliate shall not considered paid or discharged.

At or prior to 12:30 p.m., New York, New York time on the Purchase Date, the Trustee shall draw on the Liquidity Facility to the extent necessary to purchase tendered or deemed tendered and unremarketed Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds and shall, simultaneously with each such drawing, send by electronic notice a copy of the drawing certificate to the District and the Tender Agent.

If on any date there is an insufficient amount on deposit in the Purchase Fund to pay the Purchase Price of all Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds, as applicable, by 2:30 p.m., New York, New York time, the Tender Agent shall promptly give telephonic notice to the District and the Remarketing Agent of the amount of the deficiency. The Tender Agent shall promptly notify the Trustee of any failure by the Liquidity Provider to pay the Purchase Price on any Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds tendered for purchase on any day. The Trustee shall notify the District in a timely manner of the amounts required to be remitted, and the District shall remit or cause to be remitted to the Tender Agent the amount described in Section 2.18(a)(iii) above to the Tender Agent by 3:00 p.m., New York, New York time.

(b) Persons who have tendered their Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds for purchase or who are deemed to have tendered their Daily Rate Bonds,

Commercial Paper Rate Bonds or Weekly Rate Bonds for purchase shall be paid the Purchase Price therefor from the following sources in the following order of priority:

(i) first, from the Remarketing Account of the Purchase Fund from remarketing of such Bonds on deposit in the Remarketing Account of the Purchase Fund; and

(ii) second, from funds drawn under the Liquidity Facility on deposit in the Liquidity Account of the Purchase Fund.

(c) Amounts received by the Tender Agent until 2:30 p.m., New York, New York time, in payment of the Purchase Price of tendered Bonds sold pursuant to the Remarketing Agreement shall be applied solely in payment of Purchase Price in accordance with the order of priority set forth in Section 2.18(b). If, at 5:00 p.m., New York, New York time, on any Purchase Date, any balance remains in the Purchase Fund in excess of any unsatisfied purchase obligation with respect to Bonds that have been tendered or deemed tendered, such excess shall be promptly disbursed to the Liquidity Bank to the extent the amount drawn on the Liquidity Facility exceeds the cost of Bonds purchased under the Liquidity Facility, and thereafter any funds in the Remarketing Account may be disbursed to the District.

(d) Any Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds (or portion thereof) for which an Optional Tender has been exercised, or which is subject to Mandatory Tender, on any Purchase Date in accordance with the provisions hereof and thereof, but which is an Untendered Bond shall, upon deposit in the Purchase Fund of an amount sufficient to pay the Purchase Price of such Bond on such Purchase Date, be deemed to have been tendered and sold for the Purchase Price on such Purchase Date, regardless of whether (i) in the case of a Mandatory Tender, the Holder thereof shall have received the notices described in paragraph 4 of Exhibit B hereto, the form of Daily Rate Bond; paragraph 4 of Exhibit C hereto, the form of Commercial Paper Rate Bond; or paragraph 4 of Exhibit E hereto, the form of Weekly Rate Bond, or (ii) in connection with a Conversion Date, such Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds actually convert to a new Interest Mode, and thereafter the holder of such Untendered Bond shall not be entitled to any payment (including any interest accrued subsequent to such Purchase Date) in respect thereof other than the Purchase Price for such Untendered Bond, and such Untendered Bond shall no longer be entitled to the benefit of this Indenture or the Liquidity Facility, except for the purpose of payment of the Purchase Price therefor. Untendered Bonds must be surrendered to the Tender Agent for payment of the Purchase Price due thereon.

Section 2.19 Delivery of Bonds Tendered for Purchase. Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds purchased with money in the Remarketing Account of the Purchase Fund as described in Section 2.18(b)(i) hereof or Initial Bonds purchased with money in the Remarketing Account of the Purchase Fund as described in Section 2.17(c)(i) hereof shall be delivered by the Tender Agent, to or upon the order of the purchasers thereof. Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds purchased with money in the Liquidity Account of the Purchase Fund as described in Section 2.17(c)(ii) or 2.18(b)(ii) hereof shall be delivered by the Tender Agent to the Trustee to be held for the Liquidity Bank, or upon the order of the Liquidity Bank, to the Liquidity Bank, and shall not be released until the Trustee has received

written notice from the Liquidity Bank that the amount available under the Liquidity Facility has been reinstated to cover such Liquidity Bank Bond. Initial Bonds purchased with money in the Initial Bonds Standby Bond Purchase Account as described in Section 2.17(c)(ii) hereof shall be delivered to the Tender Agent and shall be held in the name of the Company pending future remarketing or cancellation thereof. Notwithstanding the foregoing, any Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds so purchased after the selection thereof by the Trustee for redemption (except for Bonds purchased by the Liquidity Bank) shall be delivered to the Trustee for payment of the redemption price and cancellation on the redemption date. Initial Bonds, Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof by the Bond Registrar upon receipt of registration information with respect thereto from the Remarketing Agent.

Section 2.20 Delivery of Proceeds of Sale of Bonds Tendered for Purchase. Except in the case of the sale of any Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds owned by the Liquidity Bank, the proceeds of the sale of any Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds delivered to the Tender Agent, to the extent not required to pay the Purchase Price thereof, shall be paid by the Tender Agent to or upon the order of the District. In the case of Bonds owned by the Liquidity Bank, the proceeds of the sale of such Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds shall be paid by the Tender Agent to or upon the order of the Liquidity Bank.

Section 2.21 Credit Facility.

(a) No Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds shall be executed and delivered unless there is delivered a Credit Facility to the Trustee complying with the provisions of this Indenture. No Credit Facility shall be delivered to or accepted by the Trustee until all Initial Bonds have been repurchased from proceeds of a remarketing or redeemed, or defeased to a date, on or before the next Initial Bonds Remarketing Date.

(b) The Trustee shall (unless otherwise directed by Credit Enhancer) direct the Tender Agent to release and return the Credit Facility to the Credit Enhancer: (1) when there are no Outstanding Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds, or the Indenture has been released in accordance with the provisions of Article X hereof; (2) when the Credit Facility has expired or been terminated in accordance with its terms; (3) when a successor Trustee has been appointed and qualified pursuant to Article VIII hereof, and a new Credit Facility has been issued to a successor Trustee; (4) when the maximum aggregate credit available under the Credit Facility is reduced pursuant to the terms thereof and the Credit Enhancer has issued a new Credit Facility to the Trustee in the stated amount of the maximum aggregate credit available as so reduced but otherwise identical to the Credit Facility to be released; (5) when there is in effect an alternate Credit Facility satisfactory to the Trustee in accordance with Section 2.22; or (6) on the Conversion Date when all of the Bonds are converted to Fixed Rate Bonds; provided, however, that in the case of the conditions specified in clauses (4) and (5) above, that the District shall have provided to the Trustee on the proposed date of release an Officer's Certificate to the effect that all obligations owing to the Credit Enhancer arising out of or relating to the Credit Facility have been

paid or provided for to the satisfaction of the Credit Enhancer; provided further, that in the case of the conditions specified in clauses (4) and (5) above, that, if the Credit Enhancer and the Liquidity Bank are the same Person, no release of the Credit Facility shall be effected by the Trustee unless at the same time the Liquidity Facility shall be released to such Person, except with the written consent of such Person, and further provided that if the Bonds are not remarketed, on that day, payment of the Purchase Price of the Bonds has been made through a drawing on the Liquidity Facility. A Credit Facility may be extended from time to time pursuant to the terms thereof without the need for any notice to the Bondholders.

(c) Other than in the case of termination of the Credit Facility as a result of an Event of Default under Section 7.01(5), at least 10 Business Days prior to the Credit Facility Termination Date, the Trustee shall send notice by facsimile, first-class mail or overnight delivery, to each Holder of a Daily Rate Bond, a Commercial Paper Rate Bond or a Weekly Rate Bond stating the Credit Facility Termination Date and that after such date the Credit Enhancer shall not be obligated to pay the principal or interest on the Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds and that all Registered Holders which have not tendered their Bonds for purchase before the Credit Facility Termination Date will be deemed to have tendered such Daily Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds for purchase on such date.

Section 2.22 Alternate Credit Facility. The Trustee shall accept an alternate Credit Facility in substitution for any Credit Facility then in effect or to confirm the Credit Facility then in effect, or an extension or amendment thereof, only upon: (a) receipt of an Opinion of Bond Counsel, (b) a certificate from the Credit Enhancer to the effect that there are then and will be at the close of business on the date of release and return pursuant to Section 2.21 hereof no obligations owed by the Company to the Credit Enhancer arising out of or relating to the Credit Facility, and (c) receipt of an Opinion of Counsel that (1) such alternate Credit Facility, or extension or amendment, satisfies the conditions of this Section (2) such alternate Credit Facility, or extension or amendments, constitutes a valid, and binding obligation of the obligor thereon and is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws for the relief of debtors other than the District or the Company and by general principles of equity which permit the exercise of judicial discretion), (3) such alternate Credit Facility, extension or amendment is not subject to registration under the Securities Act of 1933, as amended, or that such registration requirements have been complied with, and (4) the substitution of such alternate Credit Facility for the Credit Facility then in effect will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Bond. The Trustee shall not be required to accept any such alternate Credit Facility, extension or amendment which materially adversely affects the rights, duties, or immunities of the Trustee, its agents, or the Tender Agent hereunder. To the extent the Remarketing Agent fails to remarket Bonds pursuant to the Remarketing Agreement, the Trustee shall draw on the existing Credit Facility in connection with any required mandatory tender arising as a result of the proposed acceptance of an alternate Credit Facility and shall not release or surrender the existing Credit Facility until the existing Credit Enhancer has honored such drawing.

The Trustee shall receive notice from the District at least 35 days prior to the proposed substitution of an alternate Credit Facility and the Trustee shall give written notice to the Bondholders of such substitution at least 10 Business Days prior to the substitution date.

Section 2.23 Additional Bonds. In addition to the Series 2016 Bonds, the District, solely while all of the Outstanding Bonds are Initial Bonds, may in its discretion, issue Additional Bonds solely for the purpose of financing improvements to, or upgrading, refurbishing or completing, the Project or refunding Outstanding Bonds, and related financing costs and expenses. Such Additional Bonds will bear interest at the interest rate determined on or about the date of issuance thereof. No such Additional Bonds shall be issued unless such Additional Bonds are issued as Initial Bonds and:

(a) In the opinion of Bond Counsel, the issuance of the Additional Bonds shall not adversely affect the exemption from income taxation under Section 103 of the Internal Revenue Code of the Outstanding Bonds.

(b) No “Event of Default” shall have occurred and be continuing under the Bond Documents, or (with or without the giving of notice or lapse of time or both) will result from the issuance of such Additional Bonds, and the District shall deliver to the Trustee a certificate to such effect.

(c) If any Bonds other than the Additional Bonds will remain Outstanding after the issue date of such Additional Bonds, the District and the Trustee shall have received written confirmation from each Rating Service then rating the Bonds, if any, that the issuance of such Additional Bonds shall not result in a downgrade or withdrawal of the rating then in effect with respect to the Initial Bonds.

(d) There is delivered to the Trustee (i) an amendment to the Standby Bond Purchase Agreement pursuant to which (A) the Company and Jefferson Holdings shall agree to pay the Purchase Price of all Outstanding Bonds, including such Additional Bonds, tendered (or deemed tendered) on the following Initial Bonds Remarketing Date in the event any of such Outstanding Bonds have not been repurchased from proceeds of a remarketing or redeemed, or defeased to a date on or prior to such following Initial Bonds Remarketing Date; and (B) Jefferson Holdings shall guarantee the payment of all Rent and all principal of, premium, if any, and interest on all Outstanding Bonds, including such Additional Bonds, payable prior to repurchase of such Outstanding Bonds from proceeds of a remarketing or redemption of such Outstanding Bonds or defeasance of such Outstanding Bonds to a date, in each case, on or prior to the ensuing Initial Bonds Remarketing Date; (ii) an amendment to the Capital Call Agreement, pursuant to which FTAI shall agree (A) to provide funds sufficient to permit Jefferson Holdings to satisfy its obligations under the Standby Bond Purchase Agreement, as amended in connection with the foregoing; (B) to maintain on a consolidated basis “Total equity,” as reflected in FTAI’s quarterly and annual reports filed with the SEC (or the equivalent thereof as reported by any successor to or assign of FTAI in accordance with the Capital Call Agreement), that is not less than two times the aggregate principal of and interest payable on or before the ensuing Initial Bonds Remarketing Date on all Outstanding Bonds, including such Additional Bonds; provided that FTAI may satisfy any deficiency between such “Total equity” and the amount that is two times the aggregate principal of and interest payable on

or before the ensuing Initial Bonds Remarketing Date on all Outstanding Bonds, including such Additional Bonds, as provided for in the Capital Call Agreement; (C) to maintain on a consolidated basis an aggregate book value of Aviation Assets that is not less than (1) the aggregate principal of and interest payable on or before the ensuing Initial Bonds Remarketing Date on all Outstanding Bonds, including such Additional Bonds, less (2) any cash held in the Reserve Fund on the date of determination; (D) not to, and cause the Aviation Subsidiaries not to, incur any liens securing indebtedness for borrowed money or capital leases on any assets of the Aviation Subsidiaries, other than certain liens permissible pursuant to the Capital Call Agreement; and (E) in the event that FTAI and its Aviation Subsidiaries are not in compliance with the covenants described above, and such noncompliance continues for two consecutive quarter-end dates as reflected in FTAI's quarterly and annual reports filed with the SEC or the equivalent thereof as reported by any successor to or assign of FTAI (or, with respect to clause (D) above, such noncompliance continues for a period of not less than 90 days), FTAI will contribute to Jefferson Holdings an amount in cash equal to (1) the then-applicable Available Commitment, which amount will be held in the Reserve Fund, less (2) any cash held in the Reserve Fund on the date of determination (prior to any required contribution made pursuant to clause (1) above); and (iii) an amendment to the Facilities Lease providing for Facilities Lease Rent sufficient to furnish the payment of principal of and interest on all Outstanding Bonds, including such Additional Bonds (but not the Purchase Price therefor), as the same shall respectively be due and payable until all such Outstanding Bonds have been repurchased from proceeds of a remarketing or redeemed, or defeased to a date on or prior to such following Initial Bonds Remarketing Date.

(e) The Additional Bonds of each such series shall be authenticated by the Trustee and/or registered by the Comptroller of Public Accounts of the State and, upon payment to the Trustee of the proceeds of said sale of Additional Bonds, they shall be delivered by the Trustee to the purchasers thereof, but only upon there being filed with the Trustee the following items:

(i) An opinion of Bond Counsel that, among other things, the Additional Bonds are valid and binding obligations of the District and, if interest thereon is intended to be excluded from federal income tax, that interest thereon is excluded from federal income tax.

(ii) A Supplemental Indenture setting forth the terms of the Additional Bonds, which may be issued in any Interest Rate Mode.

(iii) a copy, duly certified by the Secretary of the District, of the resolution adopted on behalf of the District authorizing (A) the execution and delivery of an indenture supplemental to this Indenture authorizing such Additional Bonds, (B) the execution and delivery of an amendment to the Facilities Lease reflecting the additional amounts required under the Facilities Lease, (C) the execution and delivery of the amendments to the Standby Bond Purchase Agreement and Capital Call Agreement described in Section 2.23(d) hereof, and (D) if the purpose of the Additional Bonds includes refunding, the payment and redemption of the Bonds to be refunded;

(iv) if the purpose of the Additional Bonds includes refunding, certification by the District that (A) notice of redemption of the Bonds to be refunded has been duly given or that provision has been made therefor, and (B) the proceeds of the issue plus any other amounts stated to be available for the purpose will be sufficient to pay the principal or redemption price of such Bonds at maturity or on the redemption date plus interest accrued to such date or dates, together with all other costs and expenses related to the refunding;

(v) originally executed counterparts of (A) an indenture supplemental to this Indenture setting forth the date or dates of the Additional Bonds, the rate or rates of interest on the Additional Bonds, the time or times of payment of the interest thereon and the principal thereof, the redemption provisions with respect thereto, and other details with respect to the Additional Bonds, (B) any amendment to the Facilities Lease relating to such Additional Bonds and (C) any amendment to the Standby Bond Purchase Agreement relating to such Additional Bonds;

(vi) an opinion of counsel addressed to the Trustee stating that the supplemental indenture complies with Article IX of this Indenture, and that all conditions precedent to the execution and delivery of such documents have been met;

(vii) such customary opinions of counsel and officer's certificates as are reasonably requested by the Trustee or counsel to the underwriter for the Additional Bonds, including, but not limited to, with respect to the existence and good standing of the District and the Company, the authorization, validity, and enforceability of such supplemental indenture, the Additional Bonds, any amendment to the Facilities Lease and any amendment to the Standby Bond Purchase Agreement, and other matters regarding the execution and delivery of such documents and the issuance of such Additional Bonds;

(viii) an opinion of Bond Counsel addressed to the District and the Trustee to the effect that the issuance of the proposed Additional Bonds will not cause the interest on Outstanding Bonds to be includable in the gross income of the owners thereof for purposes of federal income taxation;

(ix) a written order to the Trustee by the District to authenticate, if necessary, and deliver the Additional Bonds to the purchasers therein identified, upon payment to the Trustee for the account of the District of the sum specified in such written order. Such written order shall direct the Trustee as to the disposition of the proceeds of such Additional Bonds; and

(x) such other documents and/or agreements as may reasonably be requested by the Trustee or Bond Counsel.

(f) Interest on such Additional Bonds shall be payable only on February 1 and/or August 1 of each year, and the principal thereof shall neither be due nor subject to mandatory redemption or mandatory purchase on a date other than the Initial Bonds Remarketing Date for the Initial Bonds then Outstanding.

(g) Each series of Additional Bonds issued pursuant to this Section shall be issued and secured under this Indenture equally and ratably with respect to all Bonds then Outstanding, by the Trust Estate in accordance with the terms hereof. Each series of Additional Bonds shall be approved by the Texas Attorney General to the extent required by applicable State law at the time of the issuance thereof.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01 Redemption.

(a) General. The Initial Bonds shall be subject to redemption as set forth in the Approval Certificate. The Daily Rate Bonds shall be subject to redemption as set forth in Exhibit B, the form of Daily Rate Bond. The Commercial Paper Rate Bonds shall be subject to redemption as set forth in Exhibit C, the form of Commercial Paper Rate Bond. The Fixed Rate Bonds shall be subject to redemption as set forth in Exhibit D, the form of Fixed Rate Bond. The Weekly Rate Bonds shall be subject to redemption as set forth in Exhibit E, the form of Weekly Rate Bond.

(b) Conditional Notice of Redemption. In the case of the election by the District to redeem Bonds, the District reserves the right to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events, including, but not limited to, the availability of funds on deposit for such redemption on the redemption date. In such a case, the notice of redemption shall state the condition or conditions of such redemption. If the condition or conditions are not fulfilled, the District shall promptly give the Trustee notice thereof (in a timely manner to permit the Trustee to give notice to the Depository in a timely manner in accordance with the rules and regulations of the Depository), and the Trustee shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Holders of the Bonds. Any Bonds subject to conditional redemption whose redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the District to make monies and or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

Section 3.02 Election to Redeem; Notice to Trustee. The District shall have the right to redeem Bonds that are subject to redemption, upon written notice to the Trustee provided not less than five (5) days prior to the date the Trustee is required to provide notice to Bondholders of such redemption.

Section 3.03 Selection of Bonds to be Redeemed. If less than all of the Bonds of a particular Stated Maturity are to be redeemed, the particular Bonds to be redeemed shall be selected prior to

the redemption date by the District from the Outstanding Bonds of such Stated Maturity not previously called for redemption. The District may select Bonds for redemption of portions (equal to an Authorized Denomination) of the principal of Bonds of a denomination larger than the minimum Authorized Denomination. In any case, Liquidity Bank Bonds shall be redeemed prior to other Multi-Modal Bonds. If the District does not otherwise give written advice to the Trustee regarding means of the selection of Bonds, selection of the Bonds for redemption will be made by the Trustee by lot or by such method as the Trustee shall determine and which is in accordance with the procedures of the Depository.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal of such Bond that has been or is to be redeemed.

Section 3.04 Notice of Redemption. Notice of redemption will be sent by electronic transmission (for Bonds held in book-entry form) or by first-class mail, postage prepaid, of not less than fifteen (15) days in case of Bonds in an Interest Mode other than the Fixed Rate or the Initial Rate, and not less than thirty (30) days in the case of Bonds bearing interest at a Fixed Rate or an Initial Rate, prior to the redemption date (provided, however, that notice of redemption is not necessary for any Bonds subject to mandatory tender on such redemption date), to each Holder of Bonds to be redeemed, in accordance with the procedures of the Depository or at such Holder's address appearing in the Bond Register. In addition, if Bonds are not in book entry, notice of redemption shall be sent by overnight delivery service contemporaneously with such mailing to two or more information services of national recognition that disseminate redemption information with respect to municipal bonds.

All notices of redemption shall state: (1) the redemption date; (2) the redemption price; (3) the identification, including complete official name and series designation of the Bonds and the CUSIP number (and in the case of partial redemption, the respective principal amounts) and maturity dates of the Bonds to be redeemed; (4) that on the redemption date, the redemption price having been deposited with the Trustee, each of the Bonds to be redeemed will become due and payable and that interest thereon shall cease to accrue from and after said date; (5) the name and address of the Trustee and any Paying Agent for such Bonds, including the telephone number of a contact person and the place where such Bonds are to be surrendered for payment of the redemption price; and (6) each condition to such redemption and, if applicable, that, in the District's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date, or by the redemption date so delayed.

Notice of redemption of Bonds to be redeemed shall be given by the Trustee in the name of the District and at the expense of the Company. Any failure to give a notice of redemption of any Bond (or any defect therein) shall not affect the proceedings for redemption of any other Bonds.

Notwithstanding the foregoing, no notice of redemption shall be required with respect to any Bond tendered or deemed tendered for purchase on the redemption date which is redeemed in lieu of purchase.

Section 3.05 Deposit of Redemption Price. Subject to the condition described in Section 3.04(6), on or prior to any redemption date, the District shall deposit with the Trustee or with a Paying Agent an amount of money sufficient to pay the redemption price (which shall, in all cases, be from Pledged Revenues or from the refinancing of such Bonds) or if being purchased pursuant to Section 3.08 hereof, the purchase price, of all the Bonds which are to be redeemed or purchased on such date.

Section 3.06 Bonds Payable on Redemption Date. Subject to Section 3.08 hereof, notice of redemption having been given as aforesaid, and the deposit described in Section 3.05 having been made, and all conditions to such redemption having been fulfilled, the Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds shall cease to bear interest. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by the District at the redemption price. Installments of interest whose Stated Maturity is on or prior to the redemption date shall be payable to the Holders of such Bonds registered as such on the relevant Record Dates according to their terms.

If any Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid, bear interest from the redemption date at the rate borne by the Bond.

Section 3.07 Bonds Redeemed in Part. Any Bond which is to be redeemed only in part shall be surrendered at a Place of Payment (with, if the District or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the District and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) and the District shall execute and the Trustee shall authenticate and deliver to the Holder of such Bond without service charge, a new Bond or Bonds of the same interest rate and Stated Maturity and of any Authorized Denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bond so surrendered.

ARTICLE IV

FUNDS AND INVESTMENTS

Section 4.01 Establishment of Funds. The District hereby establishes with the Trustee the Credit Facility Fund, the Debt Service Fund, the Project Fund, the Costs of Issuance Fund, the Purchase Fund, the Closing Fund and the Rebate Fund, and the Trustee shall establish and hold the Reserve Fund for the benefit of Jefferson Holdings (such Funds collectively, the "Funds"). The District reserves the right to establish additional trust funds or accounts from time to time.

Section 4.02 Costs of Issuance Fund. There is hereby created by the District and established with the Trustee the special fund of the District designated its "Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) Costs of Issuance Fund" (herein referred to as the "Costs of Issuance Fund"). On the date of issuance of the Series 2016 Bonds, the Trustee shall (i) transfer the amount set forth in the Approval Certificate from the Closing Fund to the Costs of Issuance Fund and (ii) deposit into the Costs of Issuance Fund the amount set forth in the Approval Certificate from pre-paid rent due under the Facilities Lease, if any. Moneys deposited

in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the Series 2016 Bonds upon District Order (which may be in the form of an executed closing memorandum accompanied by a Requisition Certificate) stating the Person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the one hundred eightieth (180th) day following the initial issuance of the Series 2016 Bonds, or upon an earlier District Order in which the District certifies that all Costs of Issuance of the Series 2016 Bonds have been paid, amounts, if any, remaining in the Costs of Issuance Fund shall be transferred to the Project Fund, and the Costs of Issuance Fund shall be closed.

Section 4.03 Credit Facility Fund.

(a) There is hereby created by the District and established with the Trustee the special fund of the District designated its “Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) Credit Facility Fund” (herein referred to as the “Credit Facility Fund”), which the Trustee shall maintain at all times while a Credit Facility is in effect hereunder. The money deposited to the Credit Facility Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section. The Credit Facility Fund shall contain a Bond Account and a Credit Enhancer Account.

(b) The Trustee shall deposit to the credit of the Bond Account of the Credit Facility Fund immediately upon receipt all amounts drawn or claimed under the Credit Facility pursuant to this Section. No other funds shall be deposited to the Bond Account of the Credit Facility Fund.

(c) The Trustee shall apply the money in the Bond Account of the Credit Facility Fund or shall direct the application of any money otherwise required to be deposited thereto to set aside or deposit in trust with the Paying Agents on each Maturity of Bonds secured by such Credit Facility, if any, upon redemption or acceleration of such Bonds and on each Interest Payment Date, for such Bonds while a Credit Facility is in effect hereunder, an amount sufficient to pay the principal of (and if so provided by the Credit Facility, premium, if any) and interest on such Bonds then due.

(d) The Trustee shall present all documents required by a Credit Facility at the time specified therein to draw or claim funds available thereunder for deposit in the Bond Account, to provide sufficient monies to pay to the Holders of the Bonds secured by such Credit Facility the principal of (and if so provided by the Credit Facility, premium, if any) and interest on such Bonds when due on each Maturity of the Bonds and each Interest Payment Date, but only in respect of such Bonds which are not (i) Liquidity Bank Bonds or (ii) registered in the name of the District or the Company or any Person that is an affiliate of the Company.

(e) In making draws or claims for payment under the Credit Facility, the Trustee shall act on behalf of and for the account and benefit of the Bondholders other than the District and the System and not on behalf, for the account or benefit, or subject to the control of the District or the System.

Section 4.04 Debt Service Fund.

(a) There is hereby created by the District and established with the Trustee the special fund of the District designated its “Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) Debt Service Fund” (herein referred to as the “Debt Service Fund”). The Debt Service Fund shall contain a Principal Account and an Interest Account. The Interest Account shall contain a Bond Proceeds Subaccount and a Prepaid Rent Subaccount. The money deposited to the Debt Service Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in this Section.

(b) On the date of issuance of the Series 2016 Bonds, the Trustee shall (i) transfer the amount set forth in the Approval Certificate from the Closing Fund to the Bond Proceeds Subaccount of the Interest Account of the Debt Service Fund and (ii) deposit into the Prepaid Rent Subaccount of the Interest Account of the Debt Service Fund the amount set forth in the Approval Certificate from pre-paid Facilities Lease Rent due under the Facilities Lease for the payment of interest to accrue from and after the Issue Date to, but not including, March 7, 2018.

(c) In addition to the deposits required pursuant to Section 4.04(b) hereof, the Trustee shall deposit to the credit of the Debt Service Fund, immediately upon receipt, (1) Rent due and payable by the Company pursuant to the Facilities Lease not paid by the Credit Enhancer and (2) any other amounts delivered to the Trustee specifically for deposit thereto. Facilities Lease Rent shall be deposited to the Principal Account to the extent paid in respect of principal of the Bonds due or to become due and to the Interest Account to the extent paid in respect of interest on the Bonds due or to become due.

(d) All amounts in the Principal Account of the Debt Service Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the maturing principal (but not the Purchase Price) of the Bonds.

(e) All amounts in the Interest Account of the Debt Service Fund shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the Bonds as it shall become due and payable, without further direction from the District, in the

amounts and from the applicable Subaccount as set forth on Schedule I hereto. In the event that funds remain on deposit in the Bond Proceeds Subaccount on the First Initial Bonds Remarketing Date, the principal amount of the Bonds remarketed or purchased pursuant to the Standby Bond Purchase Agreement, as applicable, shall be reduced by the amount on deposit in the Bond Proceeds Subaccount, and Bonds in such amount shall be redeemed with such balance at a price equal to the Purchase Price and cancelled.

(f) If, on any day on which any payment of principal of (premium, if any) and interest on the Multi-Modal Bonds shall become due, there is an insufficient amount on deposit in the Debt Service Fund to pay such amounts due by 10:00 a.m., New York, New York time, the Trustee shall promptly give telephonic notice to the District, the Company, the Credit Enhancer, if any, and the Tender Agent of the amount of the deficiency, and the Trustee is hereby directed to make a drawing on the Credit Facility, if any, for such amount.

(g) If, by 10:00 a.m., New York, New York time fourteen (14) days prior to any day on which any payment of principal of, premium, if any, and interest on Initial Bonds shall become due, there is an insufficient amount on deposit in the Debt Service Fund to pay such amounts due, the Trustee shall provide notification via Electronic Means to the District, the Company, Jefferson Holdings and FTAI of the amount of the deficiency, and shall demand payment of such amount by Jefferson Holdings in accordance with Section 2.04 of the Standby Bond Purchase Agreement.

Section 4.05 Rebate Fund.

(a) There is hereby created by the District and established with the Trustee the special fund of the District designated as its “Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) Rebate Fund” (herein referred to as the “Rebate Fund”). The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom shall be held in trust and applied solely as provided in this Section. The District shall calculate, or cause to be calculated, the rebate calculations required under the Code.

(b) The Trustee shall deposit or transfer to the credit of the Rebate Fund each amount delivered to the Trustee by the District for deposit thereto.

(c) (i) Within five days after each receipt or transfer of funds to the Rebate Fund (and in any event within 60 days after each computation date), the Trustee shall, upon written direction from the District, withdraw from the Rebate Fund and pay such amounts to the United States of America (at the address provided by the District).

(ii) All payments to the United States of America pursuant to this Section shall be made by the Trustee for the account and in the name of the District and shall be paid by draft posted by registered United States Mail (return receipt requested), addressed as directed by the District and accompanied by such documents as shall be provided by the District and directed by the District, upon the advice of Bond Counsel.

(d) The Trustee shall preserve copies of all statements, forms and explanations received from the District in accordance with this Section and all records maintained by it of transactions in the Rebate Fund, the Credit Facility Fund, the Debt Service Fund and the Project Fund for six (6) years following the final maturity of the Bonds and, if requested, shall deliver copies thereof to the District and the Company within 60 days following the retirement of all of the Bonds.

(e) The Trustee may conclusively rely on the instructions of the District with regard to any actions to be taken by it pursuant to this Section and shall have no liability for any consequences of any failure of the District to supply accurate or sufficient instructions.

(f) If at any time during the term of this Indenture the District or the Trustee desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide to the other Persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Bonds from gross income of the Holders thereof for federal income tax purposes and shall be in compliance with the laws of the State and the terms of this Indenture.

Section 4.06 Project Fund.

(a) There is hereby created by the District and established with the Trustee the special fund of the District designated its “Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) Project Fund” (herein referred to as the “Project Fund”). The money deposited in the Project Fund, including all money therein and all investments thereof, shall be held in trust and applied solely as provided in this Section.

(b) On the date of issuance of the Series 2016 Bonds, the Trustee shall transfer the amount set forth in the Approval Certificate from the Closing Fund to the Project Fund.

(c) The Trustee shall disburse amounts in the Project Fund to pay or reimburse the Company for Project Costs within three Business Days following receipt of and in accordance with a Requisition in substantially the form of Exhibit F to this Indenture approved and executed by the District.

(d) The District shall not request disbursement by the Trustee of proceeds received from the sale of the Series 2016 Bonds for any New Property unless:

(1) A guaranteed maximum price construction contract with respect to the New Property covered by such disbursement shall have been executed (including a contractor completion guaranty with a contractor of good reputation and ability) and such contract shall provide for draws against milestones approved by the District in its sole discretion. Such construction contract will be collaterally assigned to the Trustee pursuant to the Company Leasehold Deed of Trust.

(2) The capital budget for the construction of the New Property is in balance and will remain in balance after such disbursement – in other words, after disbursement of any requested amount, the sum of all disbursements made for New Property shall not exceed the total of the construction costs set forth in the capital budget for all such New Property for which disbursements have been made, and the Company shall have certified in writing to the District that the Company expects that the construction of all New Property will be completed for the balance of the proceeds received from the sale of the Series 2016 Bonds together with its funds on hand or available from committed sources. The District may refuse to approve any disbursement request for New Property if the capital budget is or will not be in balance, unless the Company either (i) pays Project Costs from sources other than the proceeds received from the sale of the Series 2016 Bonds in an amount sufficient to bring the capital budget for the construction of the New Property back in balance (and provides paid receipts or releases to the District as evidence of such payment) or (ii) revises the capital budget for the construction of the New Property in a manner that brings the capital budget for the construction of the New Property back in balance, which may include revising the scope and/or features of the New Property, and such revised budget is approved by the District in its sole discretion. If the revisions to the capital budget would reduce the scope, features, amount or type of New Property to be constructed, then when any such reduction is submitted to the District for approval, it shall be accompanied by a certification from a senior officer of the Company that such reduction will not result in a reduction of the projected operating income from the Project that would materially impair the Company's ability to pay its operating expenses, including without limitation rent under the Ground Lease and Rent pursuant to the Facilities Lease or adversely affect the tax-exempt status of interest on the Bonds.

(3) Each disbursement request shall have been approved by an independent construction monitor engaged and paid for by the Company, and approved by the District in its sole discretion in accordance with the Facilities Lease.

(e) When the Project shall have been completed, there shall be delivered to the Trustee a certificate of the District stating the fact and date of such completion and stating that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the Project Fund is to be maintained in the full amount of such claims until such dispute is resolved). Upon the receipt of such certificate, the Trustee shall, as directed by said certificate, transfer any remaining balance in the Project Fund, except with respect to the foregoing retention for claims (which shall be transferred to the Debt Service Fund upon the resolution of such dispute pertaining thereto as certified by the District to the Trustee), as designated on said certificate to the Debt Service Fund, which shall be used only to pay principal on the Series 2016 Bonds. Upon such transfer, the Project Fund shall be closed. Monies in the Project Fund shall be transferred to the Debt Service Fund upon the occurrence of an Event of Default resulting in an acceleration of the Bonds.

Section 4.07 Closing Fund. There is hereby created by the District and established with the Trustee the special fund of the District designated its “Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) Closing Fund” (herein referred to as the “Closing Fund”). The proceeds of the sale of the Series 2016 Bonds shall be deposited in the Closing Fund, and moneys therein shall be transferred on the date of issuance of the Series 2016 Bonds as provided in this Article IV.

Section 4.08 Investment of Funds.

(a) Pending disbursement of the amounts on deposit in any Fund and except as may be provided by paragraph (c) below, the Trustee shall promptly invest and reinvest such amounts in the particular Eligible Securities as specified in writing by the District. All such investments shall be credited to the Fund and account from which the money used to acquire such investments shall have come. The District shall direct investments in a matter that (i) all such deposits and investments shall have a market value exclusive of accrued interest at all times at least equal to the amount of money credited to such Funds, and (ii) the money required to be expended from any Fund will be available at the proper time or times.

(b) All income and profits on investments in any Fund shall be credited to such Fund and to the respective account within such Fund from which such investment was made. All losses on investments shall be charged against the Fund and account to which such investments are credited. The Trustee may make any and all investments through its own bond or securities department or the bond or securities department of any affiliate of the Trustee. As amounts invested are needed for disbursement from any Fund or account, the Trustee shall cause a sufficient amount of the investments credited to that Fund to be redeemed or sold and converted into cash, as directed by the District. In addition, the District shall direct the Trustee to sell investments when necessary to prevent any default in connection with the Bonds.

(c) Money in the Credit Facility Fund and the Purchase Fund shall remain uninvested.

Section 4.09 Trustee and District Relieved From Responsibility. The Trustee shall be fully protected in relying upon any District Request relating to investments and disbursements from any Fund, and shall not be liable for any losses on investments made in accordance with this Indenture or for interest on the Bonds becoming includable in gross income for federal income tax purposes as a result of complying with any such District Request, and shall not be required to ascertain any facts with respect to any such Request. The Trustee may rely on the directions of the District with respect to the suitability and legality of the investments to be made pursuant to such directions.

Section 4.10 Waiver of Trade Confirmations. Although the District recognizes that it may obtain a broker confirmation with respect to the investment of monies in any Fund or account (or a written statement containing comparable information) at no additional cost, the District agrees that confirmations of investments are not required to be issued by the Trustee for any month in which a monthly statement is rendered. No statement need be rendered for any Fund or account for any month if no activity occurred in such Fund or account during such month.

Section 4.11 Reserve Fund. There is hereby created by and established with the Trustee a special fund of the Company designated its "Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds (Jefferson Energy Companies Project) Reserve Fund" (herein referred to as the "Reserve Fund"). The money deposited to the Reserve Fund, including all money therein and all investments thereof, shall be held in trust and applied solely as provided in this Section. The Trustee shall deposit to the credit of the Reserve Fund all amounts received from FTAI, directly or through Jefferson Holdings, for the credit of Jefferson Holdings pursuant to the Capital Call Agreement on account of any failure by FTAI to comply with the covenants described in Section 21 of the Capital Call Agreement for the respective periods of noncompliance applicable to each such covenant described therein. The Trustee shall apply amounts credited to the Reserve Fund to pay principal of, premium, if any, and interest on, or the Purchase Price of, the Bonds when due, to the extent that amounts available for such purpose in all other Funds held by the Trustee hereunder are insufficient to make such payment. When all Initial Bonds have been repurchased on or after, or defeased to a date on or before, the Initial Bonds Remarketing Date or redeemed and cancelled, the Trustee shall remit any funds remaining in the Reserve Fund to or on the order of the Company.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.01 Payment of Debt Service; Limited Obligations. The District will duly and punctually pay the principal of (and premium, if any) and interest on the Bonds in accordance with the terms of the Bonds and this Indenture; provided, however, that the Bonds and the other obligations of the District provided for herein shall be special limited obligations of the District and shall be payable by the District solely out of the Trust Estate and the revenues derived therefrom or in connection with and in accordance with the Bond Documents. The Bonds and the other expense reimbursement obligations of the District provided for herein shall never be payable out of any other funds of the District except the Trust Estate and such revenues.

If the specified date for any such payment shall be a Saturday, a Sunday or a legal holiday or the equivalent for banking institutions generally (other than a moratorium) at the place where payment thereof is to be made, then such payment may be made on the next succeeding day which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payment.

Section 5.02 Money for Bond Payments to be Held in Trust; Appointment of Paying Agents. The District shall appoint a Paying Agent in each Place of Payment for the Bonds. Each such Paying Agent appointed by the District shall be a corporation organized and doing business

under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$10,000,000 and subject to supervision or examination by federal or state authority. The District will, prior to each due date of the principal of (and premium, if any) or interest on any Bonds, deposit or cause to be deposited (but only from the sources provided herein) with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Holders of such Bonds. Each Paying Agent for the Bonds shall provide the CUSIP number for the Bond with each payment of interest on and the principal or the redemption price of any Bond, specifying the amount paid in respect of each CUSIP number. The Paying Agents shall make payment of interest or the redemption price of any Bond by wire transfer to a bank account located within the United States of Federal Reserve Funds to any Holder of Daily Rate Bonds or Weekly Rate Bonds, or any Holder of \$1,000,000 or more in principal amount of Fixed Rate Bonds, or any Holder of Commercial Paper Rate Bonds requesting such payment and providing the necessary information prior to the applicable record date.

The District hereby appoints the Trustee as the initial Paying Agent for the Bonds. The Trustee shall accept such appointment by executing this Indenture in such capacity on the signature page hereto.

The District will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (1) hold all sums held by it for the payment of principal of (and premium, if any) or interest on Bonds in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;
- (2) give the Trustee notice of any default by the District (or any other obligor upon the Bonds) in the making of any such payment of principal (and premium, if any) or interest; and
- (3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The District may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, direct in writing any Paying Agent to pay to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Except as otherwise required by law, any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of (and premium, if any) or interest on any Bond and remaining unclaimed for the later of (i) the first anniversary of the Stated Maturity of the Bond

or the installment of interest for the payment of which such money is held or (ii) two years after such principal (and premium, if any) or interest has become due and payable shall (subject to the escheat laws of the State) be paid to the District and the Holder of such Bond shall thereafter, to the extent of any legal right or claim, shall look only to the District for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the District, shall thereupon cease; provided, however, that the Trustee, the District or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper of general circulation, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the District.

Section 5.03 Instruments of Further Assurance. The District covenants that to the extent of its power to do so, it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assigning, pledging and confirming unto the Trustee of the Trust Estate assigned and the revenues pledged hereunder all at the expense of the Company.

Section 5.04 Maintenance of Rights. The District will use its best efforts to perform and observe all obligations to be performed by it under the Bond Documents. The District will maintain the validity and effectiveness of the Bond Documents and, except as permitted hereby, take no action, and not knowingly omit to take any reasonable action, the taking or omission of which might release any party from its liabilities or obligations under the Bond Documents, or result in the surrender, termination, amendment, or modification of, or impair the validity of, any Bond Document. The District agrees that the Trustee, subject to the conditions thereof, may enforce for and on behalf of the Holders all of the covenants and agreements of the parties to the Bond Documents (other than the Trustee) as set forth in the Bond Documents, whether or not the District is in default hereunder.

Section 5.05 Corporate Existence. Subject to Article VI, the District will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence and rights (charter and statutory).

Section 5.06 Limitations on Liens, Debt and Disposition of Assets. Except as permitted or contemplated in this Indenture, the District covenants that it will not: (i) create any mortgage, lien, encumbrance, pledge, charge or other exception to title (other than those created by this Indenture) upon or against any Bond Financed Property or any of the properties or assets constituting the Trust Estate, or any revenues derived therefrom or any other funds held by the Trustee for the benefit of the Holders superior to or ranking on parity with the lien created by this Indenture; (ii) sell, lease, transfer, convey or otherwise dispose of all or any part of the Bond Financed Property (except as may be provided in the Facilities Lease) or the Trust Estate or its interest therein except subject to the interests of the Trustee created by this Indenture; (iii) create, incur or assume any debt secured by the Bond Financed Property or the Trust Estate or the District's interest therein or the revenues pledged herein except in connection with the issuance of Additional Bonds or on a basis

subordinate to the liens created hereby; or (iv) knowingly take any other action that will materially impair the lien of this Indenture on the Trust Estate.

Section 5.07 Tax Covenants.

(a) The District covenants and agrees that until the final Maturity of the Bonds, it will not knowingly use or direct the use of any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds of any issue to be arbitrage bonds, within the meaning of Section 148 of the Code. In the event the District, upon the advice of Bond Counsel, determines that it is necessary to restrict or limit the yield on the investment of money held by the Trustee pursuant to this Indenture, or to use such money in any certain manner to avoid the Bonds being considered arbitrage bonds, the District shall deliver to the Trustee an Order containing appropriate instructions, in which event the Trustee shall take such action as is necessary to restrict or limit the yield on such investment or to use such money in accordance with such Order.

(b) The District shall not knowingly use or direct the use of any proceeds of the Bonds or any other funds of the District, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated other than as an obligation described in Section 103(a) of the Code.

(c) The District will not knowingly take any action or omit to take any action, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds, and in the event of such action or omission will promptly, upon receiving knowledge thereof, take all lawful actions, based on advice of Bond Counsel and at the expense of the Company, as may rescind or otherwise negate such action or omission.

(d) The District will not knowingly take any action which would result in all or any portion of the Bonds being treated as federally guaranteed within the meaning of Section 149(b)(2) of the Code.

(e) For purposes of this Section 5.07, the District's compliance shall be based solely on acts or omissions by the District and no acts or omissions of, or directed by, the Company, the Trustee or any other Persons shall be attributed to the District.

All officers, employees and agents of the District are authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date of delivery of the Bonds. In complying with the foregoing covenants, the District may rely from time to time upon an opinion of Bond Counsel to the effect that any action by the District or reliance upon any interpretation of the Code or the Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

Section 5.08 Change in Law. To the extent that published rulings of the IRS, or amendments to the Code or the Regulations modify the covenants of the District or the Trustee

which are set forth in this Indenture or which are necessary for interest on any issue of the Bonds to be excludable from gross income for federal income tax purposes, the Trustee and the District will comply with such modifications.

Section 5.09 Purchase of Bonds. The District agrees to promptly notify the Credit Enhancer, if any, the Liquidity Bank, if any, the Company, and the Trustee of any purchase or acquisition by the District of any Bonds.

ARTICLE VI

RESERVED

ARTICLE VII

REMEDIES OF THE TRUSTEE AND HOLDERS OF BONDS IN EVENT OF DEFAULT

Section 7.01 Events of Default. “Event of Default,” whenever used herein means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of (i) the principal of (and premium, if any) any Bond at its Maturity or (ii) an installment of interest on any Bond at the Stated Maturity for such installment; or

(2) default in payment of the Purchase Price of any Initial Bond, Daily Rate Bond, Commercial Paper Rate Bond or Weekly Rate Bond delivered pursuant to an Optional Tender or Mandatory Tender; or

(3) default in the performance, or breach, of any covenant or agreement on the part of the District contained in this Indenture or the SNDA, by the Company in the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, by the Company or Jefferson Holdings in the Standby Bond Purchase Agreement, or by Jefferson Holdings or FTAI in the Capital Call Agreement (other than a covenant or agreement whose performance or observance is elsewhere in this Section specifically dealt with), in each case after giving effect to any applicable grace, cure or notice period applicable thereunder, and continuance of such default or breach for a period of 30 days after there has been given, by registered or certified mail, to the District and such other defaulting party by the Trustee, or to the District, such other defaulting party and the Trustee by the Holders of at least 30% in principal amount of Bonds then Outstanding a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder; provided that if such default can be cured by the District or such other defaulting party but cannot be cured within the 30-day curative period described above, it shall not constitute an Event of Default if corrective action is instituted by

the District or such other defaulting party within such 30-day period and diligently pursued until the default is corrected; or

(4) any “Event of Default” by the Company under the Ground Lease or the Facilities Lease; or

(5) receipt by the Trustee of written notice from the Liquidity Bank (a) within five (5) calendar days after a drawing under the Liquidity Facility that the Liquidity Bank has not reinstated the amount drawn under the terms of the Liquidity Facility or (b) stating that an “Event of Default,” as defined in the agreement pursuant to which the Liquidity Facility was issued, has occurred; or

(6) any of the following:

(A) a petition is filed by the Company or Jefferson Holdings or the Company or Jefferson Holdings admits to any material allegations with respect to any petition filed against the Company or Jefferson Holdings, under the Bankruptcy Code, or any other law relating to bankruptcy, insolvency, reorganization, or other relief for debtors, or any order for relief is entered against either the Company or Jefferson Holdings in any proceeding under any such law, or either acquiesces to the appointment of a receiver, trustee, custodian or other similar Person with respect to any material portion of its property or business;

(B) a petition is filed against either the Company or Jefferson Holdings under the Bankruptcy Code, or any other law relating to bankruptcy, insolvency, reorganization, or other relief for debtors and such petition is not dismissed within 60 days of the filing of such petition;

(C) a receiver, trustee, custodian, or liquidator of any assets or property of either the Company or Jefferson Holdings is appointed;

(D) either the Company or Jefferson Holdings becomes insolvent, or makes a general assignment for the benefit of creditors, or is generally not paying debts as they become due; or

(E) the dissolution or liquidation of either the Company or Jefferson Holdings, or any of its members or managers, taking any action seeking to effect the dissolution or liquidation of the Company or Jefferson Holdings.

If any portion of the Rent shall not be paid at the time when due and payable, the Trustee shall promptly notify the District and the Company in writing.

Section 7.02 Acceleration of Maturity In Certain Cases; Rescission and Annulment.

(a) If an Event of Default under Sections 7.01(1), (2), (3), or (4) occurs and is continuing, then and in every such case the Trustee:

(i) shall, if the Trustee shall have received the written request of the Holders of not less than 30% in principal amount of the Bonds Outstanding and (only if a Credit Facility is then in effect and secures the debt service on all Multi-Modal Bonds Outstanding and the Credit Enhancer is not then in default of its payment obligations thereunder) the written consent of the Credit Enhancer, and

(ii) may, subject to the written consent of the Credit Enhancer, if any, and shall, upon the written direction of the Credit Enhancer so long as, in either case, a Credit Facility is then in effect and the Credit Enhancer is not then in default of its payment obligations thereunder,

declare the principal of the Outstanding Bonds to be due and payable immediately, and upon any such declaration such principal together with accrued interest shall become immediately due and payable, and the Trustee shall give written notice to the District, the Company and the Holders of the Bonds that the principal of and accrued interest on the Outstanding Bonds have been declared to be due and payable immediately.

(b) If an Event of Default under Section 7.01(6) occurs, the principal of and accrued interest on the Outstanding Bonds shall become due and payable immediately and, upon receipt of knowledge thereof, the Trustee shall give written notice to the District, the Company and the Holders of the Bonds that the principal of and accrued interest on the Outstanding Bonds have become due and payable immediately.

(c) Notwithstanding any other notice requirement provided herein, if an Event of Default described in Section 7.01(5) occurs while a Liquidity Facility is in effect hereunder and the Liquidity Bank is not in default of its respective payment obligations thereunder, the Trustee shall declare the principal of all the Outstanding Bonds to be due and payable immediately by notice in writing to the District, the Company, and Holder of the Bonds, and upon the date of any such declaration, such principal shall become immediately due and payable, all interest on all Outstanding Bonds shall cease to accrue on the date of declaration of acceleration and interest.

(d) Whenever the Trustee shall declare the principal of all the Outstanding Bonds to be due and payable immediately, the Trustee shall immediately comply with the requirements of Section 4.03 relating to an immediate drawing under the Credit Facility, without security or indemnity against the costs, expenses, and liabilities which might be incurred by it in connection with such drawing.

(e) At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in aggregate principal amount of Bonds Outstanding, by written notice to the District and the Trustee, in the case of any acceleration of maturity of the Bonds may, with the approval of the Credit Enhancer (if a Credit Facility is then in effect and the Credit Enhancer is not then in default of its payment obligations thereunder), direct the Trustee to rescind and annul such declaration and its consequences if:

(1) the District has caused to be paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest on all Bonds;

(B) the principal of (and premium, if any, on) any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Bonds; and

(C) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

(2) all Events of Default, other than the nonpayment of the principal of Bonds which have become due solely by such acceleration, have been cured or waived as provided in Section 7.14;

(3) the Trustee shall have received a written confirmation from Jefferson Holdings and the Company, if the Standby Bond Purchase Agreement is then in effect, the Credit Enhancer, if any, and the Liquidity Bank, if any, that the Credit Facility, the Liquidity Facility or the Standby Bond Purchase Agreement, as applicable, is in full force and effect; and

(4) if a Credit Facility, a Liquidity Facility or the Standby Bond Purchase Agreement shall have been in effect hereunder immediately prior to such declaration, the provider of such Credit Facility, Liquidity Facility or Standby Bond Purchase Agreement, as the case may be, shall have given written notice to the Trustee that the Credit Facility, Liquidity Facility or Standby Bond Purchase Agreement will be in effect on the date such rescission and annulment becomes effective in a stated amount at least equal to the stated amount thereof immediately prior to the occurrence of the Event of Default.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 7.03 Collection of Indebtedness and Suits for Enforcement by Trustee. The District covenants that if

(1) default is made in the payment of any installment of interest on any Bond when such interest becomes due and payable, or

(2) default is made in the payment of the principal of (or premium, if any, on) any Bond when such principal becomes due and payable, or

(3) default is made in the payment of the Purchase Price on any Bond when due,

the District will, upon demand of the Trustee, pay (but solely from the Trust Estate, the Pledged Revenues and funds received from the Company) to it, for the benefit of the Holders of the Bonds, the whole amount then due and payable on such Bonds for principal (and premium, if any) and interest, with interest upon the overdue principal (and premium, if any); and shall pay to the Trustee such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the District fails to pay any of the foregoing amounts forthwith upon demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the District or any other obligor upon the Bonds and collect the money adjudged or decreed to be payable in the manner provided by law solely out of the property constituting a part of the Trust Estate pledged to the Bonds.

If an Event of Default occurs and is continuing, the Trustee may proceed to protect and enforce its rights and the rights of the Holders of Bonds by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 7.04 Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the District, the Company, Jefferson Holdings or any other obligor upon the Bonds or property of the District, of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Bonds shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand, on the District, the Company or such other obligor for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders of Bonds allowed in such judicial proceeding, and

(ii) to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder of Bonds to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders of Bonds, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under this Indenture.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of Bonds any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of Bonds in any such proceeding.

Section 7.05 Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under this Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Bonds in respect of which such judgment has been recovered.

Section 7.06 Application of Money Collected. Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Bonds and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

(a) First, to the payment of the Trustee of any fees or expenses of the Trustee then due and payable;

(b) Second, to the payment of the amounts then due and unpaid upon the Bonds, for interest, in respect of which or for the benefit of which such money has been collected, ratably without preference or priority of any kind, according to the amounts due and payable on such Bonds for interest;

(c) Third, to the payment of the amounts then due and unpaid upon the Bonds, for principal (and premium, if any), in respect of which or for the benefit of which such money has been collected, ratably without preference or priority of any kind, according to the amounts due and payable on such Bonds for principal (and premium, if any); and

(d) Fourth, to the District, any remaining amounts of money so collected.

Any amounts drawn under the Credit Facility or the Liquidity Facility, or money in the Credit Facility Fund or the Liquidity Account of the Purchase Fund, shall be applied in payment of the Holders of the Multi-Modal Bonds secured thereby as provided in the applicable provisions of Articles II and IV of this Indenture.

For purposes of this Section 7.06, the Trustee may assume that no Bonds are registered in the name of the Company, or an affiliate thereof, or such entity is a beneficial holder thereof unless a written notice of such ownership is delivered to a Responsible Officer at the Trustee's office at the address specified in Section 1.05 of this Indenture.

Section 7.07 Limitation on Suits. The Holder of any Bond shall have no right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(b) the Holders of not less than 30% in principal amount of the Outstanding Bonds shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder has offered to the satisfaction of the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Outstanding Bonds;

it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Bonds, or to obtain or to seek to obtain priority or preference over any other Holders, to take any action that would affect the validity of the lien of this Indenture on the Trust Estate, or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Bonds.

Section 7.08 Unconditional Right of Holders of Bonds to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Bond shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and interest on such Bond, but solely from the sources provided in this Indenture, on the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 7.09 Restoration of Rights and Remedies. If the Trustee or any Holder of Bonds has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee, or such Holder of Bonds, then and in every such case the District, the Trustee and the Holders of Bonds shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee, and the Holders of Bonds shall continue as though no such proceeding had been instituted.

Section 7.10 Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Trustee, or the Holders of Bonds is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 7.11 Delay or Omission Not Waiver. No delay or omission of the Trustee, or any Holder of any Bond to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee, the Credit Enhancer, or the Holders of Bonds may be exercised from time to time, and as often as may be deemed expedient, by the Trustee, or the Holders of Bonds, as the case may be.

Section 7.12 Control by Holders of Bonds.

(a) The Holders of a majority in aggregate principal amount of the Outstanding Bonds shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that:

(i) such direction shall not be in conflict with any rule of law or with this Indenture, and

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Section 7.13 Waiver of Past Defaults. The Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds may waive any past default hereunder and its consequences, except:

(a) a default in the payment of the principal of (or premium, if any) or interest on or the Purchase Price of any Bond, or

(b) an Event of Default described in Section 7.01(5), or

(c) a default in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Bond affected.

Upon any such waiver such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 7.14 Undertaking for Costs. All parties to this Indenture agree, and each Holder of any Bond by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Holder of Bonds, or group of Holders of Bonds, holding in the aggregate more than 10% in principal amount of the Outstanding Bonds, or to any suit instituted by any Holder of Bonds for the enforcement of the payment of the principal of (or premium, if any) or interest on any Bond on or after the respective Stated Maturities expressed in such Bond (or, in the case of redemption, on or after the redemption date).

Section 7.15 Waiver of Stay or Extension Laws. The District covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the District (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants (to the extent it may lawfully do so) that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 7.16 No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement contained in this Indenture or any indenture supplemental hereto, or in any Bond or any Bond, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present or future director, officer or employee, as such, of the District or the Trustee or of any successor thereof, either directly or through the District or the Trustee, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the Bonds are solely corporate obligations, and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, officers or employees, as such, of the District or the Trustee or any successor thereof, or any of them, because of the creation of indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Bonds or implied therefrom; and that any and all such personal

liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, officer or employee, as such, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Bonds or any of the Bonds.

Section 7.17 Expenses Payable under Indenture. All expenses incurred in carrying out this Indenture shall be payable solely from funds derived by the District from the Company. Anything in this Indenture to the contrary notwithstanding, the performance by the District of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and liability of the District for all warranties and other covenants herein shall be limited solely to the Trust Estate, which includes money and revenues received from Pledged Revenues, and from money attributable to the proceeds of Bonds, or the income from the temporary investment thereof; and the District shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such money, revenues, proceeds, and payments.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.01 Duties and Liabilities of Trustee.

(a) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(b) In case any Event of Default (of which the Trustee has actual knowledge or is deemed to have actual knowledge under Section 8.03(h) hereof) has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonably prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except, that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section or Section 8.03;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) 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 Holders of a majority in aggregate principal amount of Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture or as holder of the Initial Bonds Bond; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that the repayment of such funds or adequate indemnity against such risk or liability or the payment of its fees and expenses is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture and the other Bond Documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section and Sections 8.03 and 8.15.

Section 8.02 Notice of Defaults; Notice to Rating Service and Beneficial Owners.

(a) Within 10 days after the occurrence of any Event of Default hereunder of which the Trustee is deemed to have knowledge hereunder, the Trustee shall transmit by mail to the Credit Enhancer, the Liquidity Bank, and the Remarketing Agent, and within 60 days after such occurrence, to all Holders of Bonds, notice of such default, unless, with respect to notice to the Holders of the Bonds, such default shall have been cured or waived or unless corrective action to cure such default has been instituted and is being pursued such that such default does not constitute an Event of Default; provided, however, that except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bonds or in the payment of any sinking or purchase fund installment, the Trustee shall be protected in withholding such notice from the Holders of Bonds if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Bonds; provided, further, that in the case of any default of the character specified in Section 7.01(3) hereof no such notice to Holders of Bonds shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

(b) The Trustee shall mail, first-class postage prepaid, to each Rating Service, if any, providing a rating with respect to the Bonds, notice of any of the following events, whenever:

(i) the Trustee, pursuant to the Indenture, has resigned or been removed and a successor Trustee has been appointed, such notice to be mailed within ten Business Days after the appointment of such successor Trustee;

(ii) an amendment or supplement to the Indenture executed or consented to by the Trustee or of which the Trustee has received written notice is to be entered into, such notice and a copy of such amendment or supplement to such Rating Service to be mailed at least ten Business Days prior to the effective date of such amendment or supplement and within three Business Days after the receipt of such written notice by the Trustee;

(iii) the Trustee either (1) receives a District Request pursuant to Section 3.02 which directs the Trustee to redeem all the Outstanding Bonds or (2) declares the principal of all Outstanding Bonds to be immediately due and payable pursuant to Section 7.02, such notice to be mailed within ten Business Days after the receipt of such Company Request (and to specify the redemption date requested thereby) or after such declaration;

(iv) all Bonds shall be deemed to have been paid or defeased as provided in Article X hereof;

(v) there is any change in the Tender Agent or Remarketing Agent;

(vi) any Bonds are converted from the Initial Rate to any other Interest Mode, or any mandatory tender occurs with respect to the Initial Bonds;

(vii) the expiration, termination, extension or transfer of the Standby Bond Purchase Agreement; or

(viii) any redemption of any Bonds.

(c) The Trustee shall maintain a register of the names, addresses, and contact information for all Beneficial Owners of the Bonds who provide such information to the Trustee. Whenever the Trustee is required to give any notice to the Holders, the Trustee shall give such notice to such Beneficial Owners at such addresses. The Trustee is authorized to provide a copy of any document or to discuss any matter concerning the Trust Estate to or with any Beneficial Owner on request

Section 8.03 Certain Rights of Trustee.

(a) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates, orders, requests, or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates, orders, requests, or opinions which by any

provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the specific requirements of this Indenture;

(b) Any request or direction of the District mentioned herein shall be sufficiently evidenced by a Request of the District; and any resolution of the Board of Commissioners of the District may be evidenced to the Trustee by a Board Resolution of the District;

(c) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, unless there shall have been offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in connection with such request or direction and for the payment of the Trustee's fees in connection therewith; provided, however, that, anything to the contrary herein notwithstanding, no indemnification of the Trustee is required prior to the Trustee making payments on the Bonds when due, causing an acceleration or tender required by this Indenture, redeeming Bonds or drawing on the Credit Facility or the Liquidity Facility when directed by this Indenture (each a "Nondiscretionary Duty"), but the Trustee shall not be deemed to have waived or released its right to indemnification from any entity by its undertaking or discharging such Nondiscretionary Duty hereunder;

(f) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the District, personally or by agent or attorney;

(g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, but the Trustee shall not be held liable for any negligence or misconduct of any such agent or attorney appointed with due care;

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder unless the Trustee shall be specifically notified of such Event of Default in writing by the District, or the Company or by the Holders of at least 30% of the principal amount of Outstanding Bonds, and in the absence of such notice the Trustee may conclusively assume that no Event of Default exists; provided, however, that the Trustee shall be required to take and be

deemed to have notice of its failure to receive the money necessary to make payments when due of debt service;

(i) The Trustee may seek the approval of the Holders of the Bonds by any means it deems appropriate and not inconsistent with the terms of this Indenture in connection with the giving of any consent or taking of any action in its capacity as Holder of any Bond;

(j) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers; and

(k) The permissive rights of the Trustee contained in this Indenture shall not be construed as duties of the Trustee.

(l) The Trustee shall be entitled to rely conclusively upon any direction given to it in accordance with Section 20.6(d) of the Facilities Lease.

Notwithstanding the aforesaid, the Trustee shall be required to make all drawings on the Purchase Fund, the Credit Facility and the Liquidity Facility and pay the Holders of the Bonds at the times required under, and subject to the terms of, this Indenture and accelerate the Bonds if required by this Indenture.

Section 8.04 Not Responsible For Recitals or Issuance of Bonds. The recitals contained herein and in the Bonds (other than the certificate of authentication on such Bonds) shall be taken as the statements of the District and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the District thereto or as to the security afforded thereby or hereby; as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder; as to the validity or sufficiency of this Indenture or of the Bonds; or as to the correctness or sufficiency of any statement made in connection with the offer or sale of the Bonds. The Trustee shall not be accountable for the use or application by the District or the Company of any of the Bonds or of the proceeds of such Bonds.

Section 8.05 Trustee May Own Bonds. The Trustee or any other agent appointed hereunder, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the District with the same rights it would have if it were not Trustee or such other agent.

Section 8.06 Money to Be Held in Trust. All money received by the Trustee shall, until used or applied as herein provided be held in trust for the purposes for which they were received, but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor the Tender Agent shall be under any liability for interest on any money received by it hereunder other than such interest as it expressly agrees in writing with the District to pay.

Section 8.07 Compensation and Expenses of Trustee and Paying Agent. The District agrees, but solely from the Trust Estate and the revenues pledged by this Indenture to such payment:

(1) to pay to the Trustee, Tender Agent, Bond Registrar, Authenticating Agent, and Paying Agent from time to time, when due, reasonable compensation for all services rendered by them hereunder, including extraordinary services during the existence of a default, which shall not be limited by any law limiting the compensation of the trustee of an express trust; and

(2) except as otherwise expressly provided herein, to reimburse the Trustee, the Tender Agent and the Paying Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee, the Tender Agent or such Paying Agent in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel and securities or transaction charges to the extent not waived by the Trustee as a result of its receipt of compensation with respect to such securities or transactions) except any such expense, disbursement or advance as may be attributable to the willful misconduct, gross negligence or bad faith of such Person.

As such security for the performance of the obligations of the District under this Section the Trustee shall have a lien prior to the Bonds upon all property and funds held or collected by the Trustee as such, excluding the Credit Facility Fund and Purchase Fund.

When the Trustee incurs expenses or renders services in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors' rights generally.

Section 8.08 Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be an entity organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by federal or state authority. If such entity publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such entity shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 8.09 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 8.10.

(b) The Trustee may resign at any time by giving written notice thereof to the District. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by (i) act of the Holders of a majority in aggregate principal amount of the Outstanding Bonds, delivered to the Trustee, or (ii) the District.

(d) If at any time:

(1) the Trustee shall cease to be eligible under Section 8.08 and shall fail to resign after written request therefor by the District or by any such Holder of Bonds, or

(2) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the District may remove, upon written direction, the Trustee, or (ii) subject to Section 7.13, any Holder of Bonds who has been a bona fide Holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the District shall promptly appoint a successor Trustee. If, within sixty (60) days after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in aggregate principal amount of the Outstanding Bonds delivered to the District and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the District. If no successor Trustee shall have been so appointed by the District or the Holders of Bonds and accepted appointment in the manner hereinafter provided, the Trustee or any Holder of Bonds who has been a bona fide Holder of a Bond for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) So long as no default or Event of Default has occurred and is continuing hereunder, the District at any time may (with the written consent of the Credit Enhancer so long as the Credit Enhancer is not in default of its obligations under the Credit Facility) remove the Trustee and appoint a substitute Trustee. If there is not Credit Facility or the Credit Enhancer is in default of its obligations under the Credit Facility, the District at any time may (with the consent of the Holders of a majority in aggregate principal amount of the Bonds Outstanding), remove the Trustee and appoint a substitute Trustee.

(g) The District shall give, or cause to be given, notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee by mailing written notice of such event by first-class mail, postage prepaid, to the Holders of Bonds at their addresses as shown in the Bond Register. Each notice shall include the name and address of the applicable corporate trust office or payment office of the successor Trustee.

Section 8.10 Acceptance of Appointment by Successor. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the District and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the District or the successor Trustee, such retiring Trustee shall execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to the successor Trustee, the Credit Facility, the Liquidity Facility, and all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the District shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

Section 8.11 Merger or Consolidation. Any entity into which the Trustee may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which the Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor Trustee hereunder, provided such entity shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Bonds shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger or consolidation to such authenticating Trustee may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Trustee had itself authenticated such Bonds.

Section 8.12 Authenticating Agent. There may (and whenever the Trustee shall not maintain an office or agent in each Place of Payment there shall) be an Authenticating Agent appointed by the Trustee with power to act on its behalf and subject to its direction in the authentication and delivery of the Bonds in connection with delivery of Bonds pursuant to Section 2.03 and transfers and exchanges under Sections 2.05, 2.06 and 3.07, as fully to all intents and purposes as though the Authenticating Agent had been expressly authorized by those Sections to authenticate and deliver the Bonds. For all purposes of this Indenture, the authentication and delivery of the Bonds by the Authenticating Agent pursuant to this Section shall be deemed to be the authentication and delivery of the Bonds "by the Trustee".

The Trustee is hereby appointed Authenticating Agent with respect to the Bonds.

Each Authenticating Agent shall at all times be a bank or trust company having an office or agent in a Place of Payment, and shall at all times be an entity organized and doing business under the laws of the United States or of any state with a combined

capital and surplus of at least \$50,000,000 and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. If such entity publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any entity into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, consolidation, or conversion to which any Authenticating Agent shall be a party, or any entity succeeding to the corporate trust business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor entity is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Authenticating Agent or such successor entity.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee, the District, the Credit Enhancer, the Liquidity Bank and the Company. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the District, the Credit Enhancer, the Liquidity Bank, and the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Authenticating Agent shall cease to be eligible under this Section, the Trustee with the approval of the Credit Enhancer and the Liquidity Bank shall promptly appoint a successor Authenticating Agent and shall give written notice of such appointment to the District and the Company.

The Trustee shall be entitled to be reimbursed for any reasonable compensation paid by the Trustee to the Authenticating Agent for its service subject to Section 8.03 and 8.07. The provisions of Sections 2.09, 8.03, 8.04, and 8.05 of this Indenture shall be applicable to any Authenticating Agent.

Section 8.13 Tender Agent. At all times when any Bond is subject to purchase as provided herein, there shall be a Tender Agent (which may be the Trustee) appointed by the District with power to act in the purchase of Bonds or portions thereof and payment of the Purchase Price therefor. Such Tender Agent shall at all times be a commercial bank or trust company having an office or an agent in the State of Texas, organized and doing business under the laws of the United States or of any state with a combined capital and surplus of at least \$50,000,000 and authorized under such laws to exercise corporate trust powers and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually pursuant to law or the requirements of such authority, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Bank of New York Mellon Trust Company, National Association is hereby appointed Tender Agent with respect to the Bonds.

Any entity into which any Tender Agent may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, consolidation, or conversion to which any Tender Agent shall be a party, or any entity succeeding to the corporate trust business of any Tender Agent, shall be the successor of the Tender Agent hereunder, if such successor entity is otherwise eligible under this Section, without the execution or filing of any further document on the part of the parties hereto or the Tender Agent or such successor entity.

Any Tender Agent may resign by giving 30 days prior written notice of such resignation to the Trustee, the District, the Credit Enhancer, if any, the Liquidity Bank, if any, the Remarketing Agent and the Company. The District may terminate the agency of any Tender Agent by giving 30 days prior written notice of such termination to such Tender Agent and the Credit Enhancer, if any, the Liquidity Bank, if any, the Remarketing Agent and the Trustee. Upon receiving such a notice of resignation or upon such a termination, or in case at any time any Tender Agent shall cease to be eligible under this Section, the District shall promptly appoint a successor Tender Agent and shall give written notice of such appointment to the Trustee, the District and the Bondholders.

No such resignation or removal shall take effect until a successor Tender Agent shall have been appointed and has accepted such appointment. If no successor Tender Agent has accepted appointment within 30 days after the Tender Agent has given notice of its resignation or the District has terminated the agency of the Tender Agent as provided above, the Tender Agent may either petition any court of competent jurisdiction for the appointment of a temporary successor Tender Agent or itself appoint a temporary successor Tender Agent, provided that in either case any Tender Agent so appointed shall immediately and without further act be superseded by any Tender Agent appointed by the District as provided above.

Each Tender Agent other than the Trustee shall be required to execute and deliver to the Trustee an instrument in which such Tender Agent shall agree with the District, subject to the provisions of this Section, that such Tender Agent will:

- (a) hold all sums held by it for the payment of the Purchase Price of Bonds in a separate account in trust for the benefit of the Holders of such Bonds until such sums shall be paid to the Holders or otherwise disposed of as herein provided;
- (b) at any time, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Tender Agent;
- (c) accept and hold Liquidity Bank Bonds on behalf of the Liquidity Bank prior to delivery of such Liquidity Bank Bonds to the Liquidity Bank and will accept and hold the proceeds of any remarketing of such Liquidity Bank Bonds on behalf of the

Liquidity Bank, until delivery of such amounts to the Liquidity Bank, all in accordance with instructions to be provided by the Liquidity Bank;

(d) effect the purchase of the Initial Bonds subject to tender on an Initial Bonds Remarketing Date from and to the extent of proceeds of remarketing or funds advanced under the Standby Bond Purchase Agreement; and

(e) observe and perform the obligations of the Tender Agent hereunder.

The Trustee may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purposes, direct the Tender Agent to pay to the Trustee all money held in trust by such Tender Agent, such money to be held by the Trustee upon the same trusts as those upon which such money was held by such Tender Agent, and, upon such payment by the Tender Agent to the Trustee, the Tender Agent shall be released from all further liability with respect to such money.

Subject to the provisions of any agreement between the District and the Tender Agent, the Tender Agent shall be paid reasonable compensation for its services hereunder, but solely from and to the extent of funds advanced by the Company at the request of the District solely for such purposes (and not for payment of debt service) pursuant to the Facilities Lease. The provisions of Sections 2.09, 8.01, 8.03, 8.04, and 8.05 shall be applicable to any Tender Agent.

Section 8.14 Remarketing Agent. Until all Bonds bear interest at the Fixed Rate, there shall be a Remarketing Agent appointed with power to act in the discharge of the duties of the Remarketing Agent hereunder, including the setting of interest rates on the Bonds. Such Remarketing Agent shall at all times be a bank or trust company or a member of the New York Stock Exchange or the National Association of Securities Dealers, authorized by law to perform all the duties imposed by this Indenture on the Remarketing Agent.

Any corporation into which any Remarketing Agent may be merged or converted or with which it may be consolidated, or any corporation succeeding to the municipal investment banking business of any Remarketing Agent, shall be the successor of the Remarketing Agent hereunder, if such successor corporation is otherwise eligible under this Section, without the execution or filing of any further act on the part of the parties hereto or the Remarketing Agent or such successor.

Any Remarketing Agent may at any time resign by giving at least 30 days prior written notice of such resignation to the Trustee, the District, the Credit Enhancer, if any, the Liquidity Bank, if any, the Tender Agent and the District. The District may at any time terminate the agency of any Remarketing Agent by giving not less than 30 days prior written notice of such termination to such Remarketing Agent, the Trustee, the Tender Agent, the Credit Enhancer and the Liquidity Bank. Upon the giving of such a notice of resignation or upon such a termination, or in case at any time any Remarketing Agent shall cease to be eligible under this Section, the District shall promptly appoint a successor Remarketing Agent and shall give written notice of such appointment to the District, Tender Agent, the Credit Enhancer, if any, and the Liquidity Bank, if any.

The District will cause each Remarketing Agent to execute and deliver to the Trustee a Remarketing Agreement in which such Remarketing Agent shall agree with the Trustee and the District, subject to the provisions of this Section, that such Remarketing Agent will observe and perform the duties of the Remarketing Agent hereunder. Subject to the provisions of any Remarketing Agreement, the Remarketing Agent shall be paid reasonable compensation for its services hereunder, but solely from and to the extent of funds advanced by the Company at the request of the District for such purpose pursuant to the Facilities Lease.

The provisions of Sections 8.04 and 8.05 of this Indenture shall be applicable to any Remarketing Agent.

Section 8.15 Trustee Liability for Agents. Notwithstanding anything contained herein to the contrary, the Trustee shall not be liable for any failure of the Paying Agent, the Authenticating Agent, the Tender Agent or the Remarketing Agent to perform in accordance with the Indenture any duty required or authorized herein to be performed by such Person or for any other acts or omissions of such Person.

ARTICLE IX

Section 9.01 Supplemental Indentures Without Consent of Holders of Bonds.

Without the consent of the Holders of any Bonds, the District and the Trustee, in each case at any time upon receipt of a District Request, may enter into or consent to one or more indentures supplemental hereto, subject to Section 9.03 hereof, for any of the following purposes:

(1) to make any changes authorized by Section 4.01 or 5.08 hereof;

(2) to evidence the succession of another Person to the District or the Company, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of the District as permitted by this Indenture or the Company as permitted by the Facilities Lease, or to evidence the succession of a successor trustee in accordance with this Indenture;

(3) to add to the covenants of the District for the benefit of the Holders of Bonds, to add additional assets to the Trust Estate, or to surrender any right or power herein or therein conferred upon the District;

(4) (i) to cure any ambiguity or to correct or supplement any defect, mistake, error, omission or other provision herein or therein which may be inconsistent with any other provision herein or therein, or (ii) to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with this Indenture, provided in the case of this clause (ii) such action shall not adversely affect the interests of the Holders of Bonds;

(5) to amend, supplement or otherwise modify this Indenture in such manner as may be necessary to qualify this Indenture under the Trust Indenture Act of 1939 as then amended, or under any similar federal or state statute or regulation, including provisions whereby the Trustee accepts such powers, duties, conditions and restrictions hereunder and the District undertakes such covenants, conditions or restrictions additional to those contained in this Indenture as would be necessary or appropriate so to qualify this Indenture; provided, however, that nothing herein contained shall be deemed to authorize inclusion in this Indenture or in any indenture supplemental hereto, provisions referred to in Section 316(a)(2) of the said Trust Indenture Act or any corresponding provision provided for in any similar statute hereafter in effect;

(6) to amend, supplement or otherwise modify this Indenture in such manner as may be necessary or appropriate to cause the rating assigned to the Bonds secured by a Credit Facility by each Rating Service to be the same as the rating assigned by such Rating Service to the Credit Enhancer's long-term debt or to be the same as the rating assigned by such Rating Service to the Liquidity Bank's short-

term debt or, in the event the Bonds are converted to the Fixed Rate, to secure or maintain an investment grade rating on the Bonds from each Rating Service;

(7) to modify this Indenture (including but not limited to Section 2.12 hereof) to allow the Trustee to make periodic drawings on the Credit Facility when the Bonds are in the Commercial Paper Rate Mode;

(8) to provide for the issuance of Additional Bonds in accordance with the terms and conditions of this Indenture;
or

(9) prior to any Multi-Modal Bonds becoming Outstanding, and with the consent of the Remarketing Agent, to make any change requested by the District to the terms and provisions hereof, including the forms of Bonds in Exhibits A, B, C, D and E hereof, provided no amendment permitted pursuant to this Section 9.01(9) shall (i) adversely affect the obligation herein to use monies in the Purchase Fund to pay the Purchase Price of Initial Bonds subject to mandatory tender on an Initial Bonds Remarketing Date (to whatever extent such monies in the Purchase Fund are needed for such purpose) or (ii) become effective until all Outstanding Series 2016 Bonds that are Initial Bonds have been repurchased at the Purchase Price or redeemed, or defeased to a date, on or prior to the First Initial Bonds Remarketing Date.

Section 9.02 Supplemental Indentures With Consent of Holders of Bonds. With the consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds affected by such supplemental indenture, by Act of such Holders delivered to the Trustee, the District and the Trustee may enter into or consent to an indenture or indentures supplemental hereto, subject to Section 9.03 hereof, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of the Bonds under this Indenture. However, no such supplemental indenture shall, without the consent of the Holder of each Bond affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Bonds or any date for mandatory redemption or mandatory purchase thereof, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption or Purchase Price due upon mandatory tender thereof, or change the coin or currency in which, any Bonds or the interest thereon is payable, or materially impair or subordinate the lien of this Indenture on the Trust Estate or materially impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the redemption date), or

(2) reduce the percentage in principal amount of the Outstanding Bonds, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or

(3) modify any of the provisions of this Section or Section 7.13, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Bond affected thereby.

It shall not be necessary for any Act of Holders of Bonds under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Holders of Bonds shall approve the substance thereof.

Section 9.03 Execution of Supplemental Indentures and Amendments of Other Documents. In connection with the execution of any supplemental indenture (including any waiver of any provision of this Indenture) or in connection with the execution of any amendment, supplement or modification to, or waiver of any provision of, the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement permitted by this Article, the Trustee shall receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture (including any waiver) is authorized or permitted by this Indenture (and in the case of an amendment, supplement or modification to, or waiver of any provision of, the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement that such amendment, supplement, modification or waiver complies with the provisions of Section 9.06 or 9.07 hereof); provided that the Trustee shall only receive such Opinion of Counsel if the Trustee executes such supplemental indenture, amendment, supplement, modification or waiver.

In addition, in connection with the execution of any supplemental indenture or in connection with the execution of any amendment, supplement or modification to the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement permitted by this Article 9, the Trustee shall receive, and shall be fully protected in relying upon, an Opinion of Bond Counsel that the execution of such supplemental indenture, amendment, supplement or modification will not adversely affect the exclusion of interest on the Bonds from the gross income of the Holders of the Bonds (each, a "Tax Opinion").

The Trustee may, but shall not be obligated to, enter into any such supplemental indenture, amendment, supplement, modification or waiver that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. The Trustee shall not execute any supplemental indenture without the consent of the District.

The District shall, or shall use commercially reasonable efforts to cause the Company to, deliver to the Trustee an executed copy of each such supplemental indenture, amendment, supplement, modification or waiver promptly after the execution thereof.

Section 9.04 Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes, and every Holder of Bonds thereafter or theretofore authenticated and delivered hereunder shall be bound thereby.

Section 9.05 Bonds May Bear Notation of Changes. Bonds authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the District or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Trustee and the District, to any such supplemental indenture may be prepared and executed by the District and authenticated and delivered by the Trustee in exchange for Bonds then Outstanding

Section 9.06 Amendments to the SNDA, Ground Lease, Facilities Lease, Company Leasehold Deed of Trust, Standby Bond Purchase Agreement and Capital Call Agreement Without Consent of the Holders of Bonds. Without the consent of the Holders of any Bonds, the District, the Trustee (solely with respect to the SNDA, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement and the Capital Call Agreement) and the Company, as applicable, may enter into one or more amendments, supplements, modifications or waivers of any provision of the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement, subject to Section 9.03 hereof, for any of the following purposes:

(1) to evidence the succession of another Person to any party thereto, or successive successions, and the assumption by the successor Person of the covenants, agreements and obligations of such party as permitted by the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement, as applicable;

(2) to add to or modify the covenants of the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement for the benefit of the Holders of Bonds or to add additional assets to the Trust Estate;

(3) (i) to cure any ambiguity or to correct or supplement any defect, mistake, error, omission or other provision therein which may be inconsistent with any other provision therein, or (ii) to make any other provisions with respect to matters or questions arising thereunder which shall not be inconsistent therewith, provided in the case of this clause (ii) such action shall not adversely affect the interests of the Holders of Bonds;

(4) to provide for, facilitate or effectuate the issuance of Additional Bonds pursuant to and in accordance with this Indenture; or

(5) subject to Section 9.07(b) hereof, to make any other change to any provision of the SNDA, the Ground Lease, the Facilities Lease or the Company Leasehold Deed of Trust that would not, as of the date of such amendment, supplement, modification or waiver, reasonably be expected to (i) have a material adverse effect on the value of the Trust Estate, taken as a whole, or (ii) materially adversely impair the Company's ability to complete or operate the Project, in each case, as certified by an authorized officer of the Company in a certificate delivered to the District and the Trustee.

Section 9.07 Amendments to the SNDA, the Ground Lease, Facilities Lease, Company Leasehold Deed of Trust, Standby Bond Purchase Agreement and Capital Call Agreement With Consent of the Holders of Bonds.

(a) With the consent of the Holders of a majority in aggregate principal amount of the Outstanding Bonds, by Act of such Holders delivered to the Trustee, the District, the Trustee (solely with respect to the SNDA, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement and the Capital Call Agreement) and the Company, as applicable, may enter into any amendment, supplement, modification or waiver of the SNDA, Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement, subject to Section 9.03 hereof.

(b) However, subject to Section 9.03 hereof and notwithstanding Section 9.06(5) hereof, the consent of the Holders of sixty six and two thirds percent (66.67%) in aggregate principal amount of the Outstanding Bonds, by Act of such Holders delivered to the Trustee, shall be required to:

(1) permit termination or cancellation of the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement;

(2) permit any reduction of the amounts payable under the Facilities Lease which constitute Pledged Revenue, or change the dates when such payments are due or the provisions therein relating to prepayment;

(3) permit any reduction of the amounts payable under the Standby Bond Purchase Agreement or Capital Call Agreement or change the dates when such payments are due; or

(4) reduce the aggregate principal amount of Bonds required to consent to any amendment, supplement or modification to, or waiver of, the SNDA, the Ground Lease, the Facilities Lease, the Company Leasehold Deed of Trust, the Standby Bond Purchase Agreement or the Capital Call Agreement pursuant to this Section.

It shall not be necessary for any Act of Holders of Bonds under this Section to approve the particular form of any proposed amendment, supplement, modification or waiver, but it shall be sufficient if such Holders of Bonds shall approve the substance thereof.

ARTICLE X
SATISFACTION AND DISCHARGE OF
INDENTURE; UNCLAIMED MONEY

Section 10.01 Satisfaction and Discharge of Indenture. Whenever the following conditions shall exist, namely:

(a) all Bonds theretofore authenticated and delivered have been cancelled by the Trustee or delivered to the Trustee for cancellation, excluding, however:

(1) Bonds for the payment of which money has theretofore been deposited in trust with the Trustee or a Paying Agent pursuant to Section 4.04;

(2) Bonds alleged to have been destroyed, lost, or stolen which have been replaced or paid as provided in Section 2.06, except for any such Bond which, prior to the satisfaction and discharge of this Indenture, has been presented to the Trustee with a claim of ownership and enforceability by the Holder thereof and where enforceability has not been determined adversely against such Holder by a court of competent jurisdiction;

(3) Bonds, other than those referred to in paragraphs (1) and (2) above, for the payment or redemption of which the District has deposited, or caused to be deposited, with the Trustee at the Maturity thereof in trust for such purpose funds in an amount sufficient to pay and discharge the entire indebtedness on such Bonds for principal (and premium, if any) and interest to such Maturity; and

(4) Bonds deemed no longer Outstanding as a result of the deposit or escrow of money or Eligible Securities or both as described in Section 10.02.

(b) the District has paid, or caused to be paid, all other sums payable by the District hereunder; and

(c) there has been delivered to the Trustee an Opinion of Counsel stating that all conditions precedent herein to the satisfaction and discharge of this Indenture have been complied with;

then, this Indenture and the lien, rights, and interests created hereby shall cease, determine, and become null and void (except as to any surviving rights of transfer, exchange, or tender of Bonds herein or therein provided for) and the Trustee and each co-trustee and separate trustee, if any, then acting as such hereunder shall, at the expense of the District (but solely from the Trust Estate), execute and deliver a termination statement and such instruments of satisfaction and discharge as may be necessary (in form and substance satisfactory to the District) and pay, assign, transfer, and deliver to the District or upon District Order all cash, securities, and other property then held by it hereunder as a part of the Trust Estate.

Section 10.02 Payment of Bonds.

(a) All of the Bonds shall be deemed to have been paid for purposes of this Indenture if (i) there has been deposited with the Trustee in trust (x) cash or (y) Eligible Securities (or a combination of (x) and (y)), the principal of, premium, if any, and interest on which will, when due, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon (as established by a report of an independent certified public accountant setting forth the calculations upon which such report is based), provide money in an amount, which, together

with any money deposited with or held by the Trustee at the same time and available for such purpose pursuant to this Indenture, will be sufficient to pay when due and payable the principal, premium, if any, and interest due and payable and to become due and payable on and prior to the respective redemption dates or Maturity date of such Bonds, (assuming in the case of Bonds that bear interest at a variable rate, that such Bonds bear interest at a rate equal to the maximum rate of interest which such Bonds may bear from the date of such deposit until the respective redemption or Maturity dates thereof); provided no such redemption or Maturity date shall occur after any Initial Bonds Remarketing Date applicable to such Bonds, (ii) in case any of such Bonds are to be redeemed on any date prior to their Stated Maturity, the District has given to the Trustee irrevocable written instructions instructing the Trustee to effect the redemption of such Bonds, and to give notice of such redemption to Holders prior to said date as provided in this Indenture, (iii) in the event such Bonds are not to be redeemed within the 60 days next succeeding the date of such deposit with the Trustee, the District has given irrevocable written instructions to the Trustee to give notice to the Holders of such Bonds advising that the deposit required by clause (i) of this paragraph above has been made with the Trustee and that the Bonds are deemed to have been paid in accordance with this Article and stating such Maturity or redemption date or dates upon which money is to be available for the payment of the principal, premium, if any, and interest; and (iv) the Trustee shall have received opinions of counsel to the effect that (x) such deposit will not affect the tax exempt status of interest on the Bonds and (y) all conditions precedent to such deposit have been satisfied. The Trustee shall not be required to accept any deposit of Eligible Securities pursuant to clause (y) or (z) during the continuance of an Event of Default.

Any Eligible Securities deposited with the Trustee pursuant to this Section shall mature on such dates as shall be required for the aforesaid purpose. Such Eligible Securities shall not contain provisions permitting the redemption thereof at the option of the District.

Subsequent to the making of any deposit provided for in this Section, such Bonds shall continue to enjoy the security and benefits of this Indenture to the extent required to assure the purchase of such Bonds in the manner provided in Article II of this Indenture, the applicable form of Bond and otherwise so as to assure performance by the District in accordance with the terms of such Bonds; and

(b) Any release under this Section shall be without prejudice to the right of the Trustee to be paid reasonable compensation for all services rendered by it under this Indenture and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the administration of trusts created by this Indenture and the performance of its powers and duties under this Indenture.

Section 10.03 Application of Trust Money. The Eligible Securities and money deposited with the Trustee pursuant to Section 10.02 and principal or interest payments on any such Eligible Securities shall be held in trust, shall not be sold or reinvested, and shall be applied by it, in accordance with the provisions of the Bonds and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money or Eligible Securities were deposited; provided that, upon delivery to the Trustee of an Officer's Certificate (accompanied by the report

of an independent certified public accountant setting forth the calculations upon which such Officer's Certificate is based) establishing that the money and Eligible Securities on deposit following the taking of the proposed action will be sufficient for the purposes described in Section 10.02, any money received from principal or interest payments on Eligible Securities deposited with the Trustee or the proceeds of any sale of such Eligible Securities, if not then needed for such purpose, shall, upon District Order, be reinvested in other Eligible Securities or disposed of as requested by the District. For purposes of any calculation required by this Article, any Eligible Security which is subject to redemption at the option of its issuer, the redemption date for which has not been irrevocably established as of the date of such calculation, shall be assumed to cease to bear interest at the earliest date on which such obligation may be redeemed at the option of the District thereof and the principal of such obligation shall be assumed to be received at its stated maturity.

Section 10.04 Counterparts. This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of this Indenture by Electronic Means shall be equally as effective as delivery of an original executed counterpart of this Indenture. Any party delivering an executed counterpart of this Indenture by Electronic Means also shall deliver an original executed counterpart of this Indenture, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Indenture.

This written Indenture represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties.

Section 10.05 Final Agreement. There are no unwritten oral agreements between the parties.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the District and the Trustee have caused this Indenture to be signed on their behalf by their duly authorized representatives as of the date first written above.

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY,
TEXAS

By: /s/ David C. Fisher

Name: David C. Fisher

Title: Port Director, CEO

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee, Paying Agent, Tender Agent and Bond Registrar

By: /s/ Patricia A. Barbarino

Authorized Signatory

EXHIBIT A

(FORM OF BOND)
(INITIAL RATE)

(FORM OF FACE OF BOND)

THE BONDS MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT TO A PERSON WHO THE TRANSFEROR REASONABLY BELIEVES IS (I) A QUALIFIED INSTITUTIONAL BUYER AND (II) PRIOR TO THE FIRST INITIAL BONDS REMARKETING DATE, NOT A SUBSTANTIAL USER, IN ACCORDANCE WITH ALL APPLICABLE U.S. AND STATE SECURITIES LAWS (AS ALL SUCH TERMS ARE DEFINED IN THE INDENTURE).

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF JEFFERSON

NUMBER

DENOMINATION

RI-_____

\$ _____

REGISTERED

REGISTERED

PORT OF BEAUMONT NAVIGATION DISTRICT
OF JEFFERSON COUNTY, TEXAS
DOCK AND WHARF FACILITY REVENUE BONDS, SERIES 2016
(JEFFERSON ENERGY COMPANIES PROJECT)

INITIAL RATE:

7.25%

MATURITY DATE:

February 1, 2036

DATED DATE:

March 1, 2016

THIS BOND IS SUBJECT TO MANDATORY TENDER FOR PURCHASE UPON THE OCCURRENCE OF THE EVENTS AND IN THE MANNER HEREINAFTER DESCRIBED, AND MUST BE SO TENDERED OR WILL BE DEEMED TO HAVE BEEN SO TENDERED AS DESCRIBED HEREIN.

Commencement of Initial Rate Period: March 7, 2016

Initial Bonds Remarketing Date: February 13, 2020

Registered Holder: _____

CUSIP No.: _____

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS (the "District"), being a political subdivision of the State of Texas (the "State") organized and existing pursuant to Article XVI, Section 59 of the Texas Constitution, for value received, hereby promises to pay to the Registered Holder named above, or registered assigns, but solely from the sources and in the manner herein provided, the Principal Amount set forth above on the Maturity Date set forth above (or earlier as herein described and indicated hereon). The District also promises to pay interest at the Initial Rate on the unpaid principal balance of this Bond from and including the date of commencement of the Initial Rate Period set forth above, or from and including the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of which this Bond was issued) has been paid, to but excluding the Maturity Date or the date on which the payment of such Principal Amount shall have been made or provided for (if the date of such provision is on or after the date on which the payment of such Principal Amount is due). Interest accrued hereon shall be paid on the immediately succeeding Interest Payment Date (or next Business Day if such date is not a Business Day); provided that to the extent principal of this Bond is paid on any date (whether the Maturity Date or otherwise) interest accrued hereon to but excluding such payment date shall be paid on such payment date.

THIS BOND AND ALL OF THE BONDS OF THIS SERIES are special limited obligations of the District, payable by the District solely out of the "Pledged Revenues", as defined in the Indenture (hereinafter defined), which Pledged Revenues are pledged to the payment of the Series 2016 Bonds and all Additional Bonds issued on a parity therewith, and all money and investments held for the credit of the funds and accounts established by or under the Indenture (except the Rebate Fund), all as more fully described and provided for in and subject to the restrictions and limitations imposed by the Indenture. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues and do not constitute a general obligation of the District.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF. THE DISTRICT HAS PLEDGED NEITHER ITS TAXING POWER NOR THE CREDIT OF ITS TAXING POWER AS SECURITY FOR THE PAYMENT OF THE BONDS. THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION, OR FROM ANY SOURCE WHATSOEVER OTHER THAN THE AFORESAID PLEDGED REVENUES.

1. Description of Series. This Bond is one of the duly authorized issue of the District's Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the "Bonds" or the "Initial Bonds"), aggregating in principal amount to \$144,200,000 authorized by resolutions adopted by the Board of Commissioners of the District on November 23, 2015 and February 22, 2016, all issued or to be issued under a Trust Indenture and Security Agreement, dated as of February 1, 2016 (the "Indenture"), between the District and The Bank of New York Mellon Trust Company, National Association (the "Trustee"), pursuant to and in full conformity with the Constitution and the statutes of the State. The Bonds are issued in order to provide funds for the District to (i) reimburse and pay Jefferson Railport Terminal II LLC, a Delaware limited liability company (the "Company") for the construction and acquisition of certain facilities for the transport, loading, unloading and storage of petroleum products on behalf of the District; (ii) pay capitalized interest on a portion of the Series 2016 Bonds and (iii) pay certain costs of issuance of the Series 2016 Bonds (collectively, the "Project").

Pursuant to the terms of the Indenture, the Trustee may appoint agents for the performance of certain duties under the Indenture, including the authentication, registration, transfer, exchange and payment of the Bonds.

Reference is hereby made to the Indenture and the other Bond Documents (as such term is defined in the Indenture), copies of which are filed with the Trustee, for the full provisions thereof (including, among others, those with respect to the nature and extent of the rights, duties and obligations of the parties to the Bond Documents and the holders of the Bonds, the terms upon which the Bonds are issued and secured and the modification or amendment of the Bond Documents), to all of which the holders of the Bonds assent by the acceptance of the Bonds.

2. Certain Additional Definitions. In addition to the definitions set forth above, or contained in Section 1.01 of the Indenture which are incorporated herein, the following terms used herein shall have the following meanings.

“Business Day” means any day other than a Saturday or a Sunday or a day on which banking institutions are authorized or obligated by law to close in the State of Texas or at the place where the principal corporate trust office of the Trustee is located.

“Conversion Date” means any Initial Bonds Remarketing Date on which Initial Bonds are converted to Daily Rate Bonds, Commercial Paper Rate Bonds, Fixed Rate Bonds or Weekly Rate Bonds.

“Initial Bonds Remarketing Date” means February 13, 2020.

“Initial Rate” means the per annum interest rate displayed on the face of this Bond.

“Initial Rate Period” means the period commencing with the date for such commencement displayed on the face of this Bond and concluding with the Initial Bonds Remarketing Date.

“Interest Payment Date” means each February 1 and August 1, commencing on August 1, 2016, and the Initial Bonds Remarketing Date.

“LIBOR” means the London interbank offered rate as administered by ICE Benchmark Administration (or any other entity that takes over the administration of such rate) for U.S. Dollars for a one-month period as displayed on page LIBOR01 of the Reuters screen that displays such rate at approximately 11:00 a.m., London time on the date of determination.

“Maximum Rate” means 15% per annum.

“Net effective interest rate” and “net interest cost” have the meanings given to them, respectively, in Texas Government Code, Chapter 1204, as amended.

“Purchase Date” means the Initial Bonds Remarketing Date.

“Purchase Price” means an amount equal to 100% of the principal amount of any Bond tendered or deemed tendered for purchase pursuant to the provisions of paragraph 4 hereof, plus any accrued and unpaid Stated Interest to the date of purchase.

“Regular Record Date” means, with respect to the Initial Bonds, the close of business for the Trustee on the Business Day preceding any Interest Payment Date.

“Standby Rate” means a per annum rate equal to LIBOR plus 5.00%.

“Stated Interest” means interest calculated pursuant to paragraph 3 of this Bond.

3. Interest Rate.

(a) This Bond shall bear interest for each day during the Initial Rate Period at the Initial Rate; provided, however, that the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate.

(b) Interest at the Initial Rate on this Bond shall be calculated on the basis of a 360-day year comprised of twelve 30-day months and shall be payable on each Interest Payment Date.

(c) The foregoing is subject to the limitation that (i) while any Bond is registered in the name of the Company or Jefferson Holdings after having been purchased with monies in the Initial Bonds Standby Bond Purchase Account, and (ii) with respect to any Bond not purchased within five (5) days after the Initial Bonds Remarketing Date, such Bond shall bear interest at the Standby Rate (but, in the case of the Bonds described in clause (ii), not less than the Initial Rate) from the Initial Bonds Remarketing Date.

4. Mandatory Tender of Bonds. Holders of Initial Bonds, including this Bond, shall be required to tender their Bonds to the Tender Agent for purchase on the Initial Bonds Remarketing Date at the Purchase Price. In the event any Bonds have not been repurchased from proceeds of a remarketing or redeemed or defeased to a date on or prior to the Initial Bonds Remarketing Date, the Initial Bonds will be purchased on the Initial Bonds Remarketing Date pursuant to the Indenture and the Standby Bond Purchase Agreement.

5. Payment. Interest on this Bond payable prior to or on the Maturity Date shall be paid by check or draft mailed to the Registered Holder of this Bond (provided, that any Registered Holder of \$1,000,000 or more in Bonds may, upon written notice to the Trustee containing the appropriate information, elect to be paid by wire transfer of immediately available funds to an account in the United States) at its address as it appears on the registration books of the Trustee (in such capacity, the "Bond Registrar"). Interest on this Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Registered Holder of this Bond as of the applicable Regular Record Date. In order to make payment of defaulted interest, the District shall pay the defaulted interest to the person who is the Registered Holder on a subsequent special record date. The Trustee shall fix the special record date and special interest payment date. At least 10 days before the special record date, the Trustee shall mail to the Registered Holder a notice that states the special record date, the special interest, payment date, and the amount of interest to be paid.

Principal of this Bond payable on the Maturity Date or other final payment hereof, including payment upon acceleration hereof as provided in the Indenture, shall be payable to the Registered Holder of this Bond at the payment office of the Trustee in Houston, Texas, upon the surrender for cancellation of this Bond.

Upon an Event of Default, as defined in the Indenture, the Bonds may become or be declared to be due and payable immediately.

6. Deemed Tender of Initial Bonds. ANY INITIAL BOND WHICH MUST BE TENDERED FOR PURCHASE ON A PURCHASE DATE IN ACCORDANCE WITH THE PROVISIONS HEREOF AND THE INDENTURE, BUT WHICH IS NOT TENDERED FOR PURCHASE BY 11:00 NEW YORK, NEW YORK TIME, ON SUCH PURCHASE DATE (SUCH BONDS OR PORTIONS HEREIN REFERRED TO AS "UNTENDERED BONDS") SHALL, UPON DEPOSIT IN THE PURCHASE FUND OF AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE OF SUCH BOND ON SUCH PURCHASE DATE, BE DEEMED TO HAVE BEEN TENDERED AND SOLD FOR THE PURCHASE PRICE ON SUCH PURCHASE DATE, AND SUCH UNTENDERED BOND SHALL NO LONGER BE ENTITLED TO THE BENEFIT OF THE INDENTURE EXCEPT FOR THE PURPOSE OF PAYMENT OF THE PURCHASE PRICE THEREFOR. UNTENDERED BONDS MUST BE SURRENDERED TO THE TENDER AGENT FOR PAYMENT OF THE PURCHASE PRICE DUE THEREON.

7. Optional Redemption. The Initial Bonds may be redeemed in whole or in part on any Business Day during the period commencing August 1, 2019 and ending on February 13, 2020, at the option of the District, at a price equal to (a) 100% of the unpaid principal amount of the Bonds redeemed, plus (b) a premium equal to (x) 3.50% of the unpaid principal amount of the Bonds redeemed, multiplied by (y) the numbers of days (based on a 360-day year comprised of twelve 30-day months) from the date of redemption to, but not including, February 13, 2020, and divided by (z) 192, plus (c) accrued interest to, but not including, the date of redemption.

8. Authorized Denominations and Transfer. The Bonds are issuable only as fully registered Bonds in denominations of \$100,000 and multiples of \$5,000 in excess of \$100,000. This Bond is transferable by the Registered Holder hereof in person or by his attorney duly authorized in writing at the principal payment office of the Bond Registrar in Houston, Texas upon presentation hereof to the Bond Registrar, all subject to the terms and conditions provided in the Indenture.

9. Additional Provisions. Subject to the restrictions set forth therein, the Indenture permits, with certain exceptions as therein provided, the District and the Trustee, with the consent of the Holders of the percentage in principal amount of Bonds outstanding specified in the Indenture, to execute supplemental indentures amending, adding to or eliminating any provisions of the Indenture.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. It is also provided in the Indenture that the Trustee at, in certain cases, the written request of the Holders of the applicable percentage of Bonds specified in the Indenture on behalf of the Holders of all the Bonds, may waive any past default or Event of Default under the Indenture and its consequences except a default in the payment of principal of or premium, if any, or interest on any of the Bonds. The Indenture further provides that if, after a declaration of the acceleration of the maturity of the principal amount of the Bonds, but prior to the entry of a final judgment for such amount, all amounts which would then be payable thereunder by the District if such default had not occurred and were not continuing and certain other amounts shall have been paid by or on behalf of the District and the parties to the Bond Documents shall have also performed all other obligations in respect of which any of them is then in default under the Bond Documents and shall have paid the reasonable charges and expenses of the Trustee and the Holders of the Bonds, including reasonable attorneys' fees paid or incurred, then and in every case the Trustee shall, in certain cases, upon request of the Holders of the applicable percentage of Bonds specified in the Indenture, waive such Event of Default and rescind and annul any remedial step theretofore taken by it in respect of such default and its consequences.

This Bond shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the applicable laws of the United States of America and of the State.

This Bond shall not be valid nor become obligatory for any purpose under the Indenture until it shall have been authenticated by the execution of the Certificate hereon endorsed by the manual signature of an authorized representative of the Trustee.*

*This paragraph does not apply to First Bond.

This Bond shall not be valid nor become obligatory for any purpose under the Indenture until it shall have been registered by the execution of the Certificate of the State Comptroller attached hereto by the manual signature of an authorized representative of the Comptroller of Public Accounts of the State of Texas.**

**This paragraph applies only to First Bond.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the Bonds is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the Bonds to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the District or to have happened precedent to and in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of (premium, if any) and interest on this Bond and the Bonds by irrevocably pledging the described revenues as provided in the Indenture; that payment in full for the Bonds has been received; and that the issuance of the Bonds does not contravene or violate any constitutional or statutory limitation.

IN WITNESS WHEREOF, the District has caused this Bond to be executed by its President and to be attested to by its Secretary both by their manual or facsimile signatures all as of the Issue Date.

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY,
TEXAS

By: _____
Name:

Title:

ATTEST:

By: _____
Secretary

[FORM OF CERTIFICATE OF REGISTRATION TO APPEAR
ON FACE OF OR ATTACHED TO EACH BOND DELIVERED
TO THE INITIAL PURCHASERS]

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS OF § REGISTER NO. _____
THE STATE OF TEXAS §

I HEREBY CERTIFY that there is on file and of record in my office a certificate of the Attorney General of the State of Texas approving this Bond and certifying that this Bond and the proceedings for the issuance thereof have been examined by him as required by law, and that he finds that this Bond has been issued in accordance with law and that it is a valid and binding limited obligation of the Port of Beaumont Navigation District of Jefferson County, Texas, payable from the revenues and other funds pledged to its payment by and in the proceedings authorizing the same, and I do further certify that this Bond has this day been registered by me as Comptroller.

WITNESS MY HAND AND OFFICIAL SEAL OF OFFICE on _____.

(COMPTROLLER'S SEAL)

(FORM OF CERTIFICATE OF AUTHENTICATION TO
APPEAR ON EACH BOND)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within mentioned Indenture.

_____ as Authenticating Agent, or its agent

Date of Authentication:

By _____
Authorized Signatory

(FORM OF ASSIGNMENT TO APPEAR ON EACH BOND)

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address, and zip code of transferee) _____

_____ (Social Security or other tax identifying number: _____) the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

NOTICE: Signature must be guaranteed by a member firm of the National Association of Securities Dealers or a commercial bank or a trust company [which is a participant in an official medallion program].

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UNIF GIFT MIN ACT -Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the list above.

EXHIBIT B
FORM OF BOND
(DAILY RATE)

(FORM OF FACE OF BOND)

Registered
No. D-_____

Registered
\$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF JEFFERSON

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS
DOCK AND WHARF FACILITY REVENUE BONDS, SERIES 2016
(JEFFERSON ENERGY COMPANIES PROJECT)

THIS BOND IS SUBJECT TO MANDATORY TENDER FOR PURCHASE UPON THE OCCURRENCE OF THE EVENTS AND IN THE MANNER HEREINAFTER DESCRIBED, AND MUST BE SO TENDERED OR WILL BE DEEMED TO HAVE BEEN SO TENDERED AS DESCRIBED HEREIN.

Interest Rate: Daily Rate Principal Amount: \$_____

(as herein described)

Interest Mode Commencement Date: _____, 20__ Maturity Date: _____

Registered Holder: _____ CUSIP No.: _____

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS (the "District"), being a political subdivision of the State of Texas (the "State") organized and existing pursuant to Article XVI, Section 59 of the Texas Constitution, for value received, hereby promises to pay to the Registered Holder named above, or registered assigns, but solely from the sources and in the manner herein provided, the Principal Amount set forth above on the Maturity Date set forth above (or earlier as herein described and indicated hereon). The District also promises to pay interest at the Daily Rate on the unpaid principal balance of this Bond from and including the Interest Mode Commencement Date set forth above, or from and including the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of which this Bond was issued) has been paid, to but excluding the Maturity Date or the date on which the payment of such Principal Amount shall have been made or provided for (if the date of such provision is on or after the date on which the payment of such Principal Amount is due). Interest accrued hereon shall be paid on the immediately succeeding Interest Payment Date (or next Business Day if such date is not a Business Day); provided that to the extent principal of this Bond is paid on any date (whether the Maturity Date or otherwise), interest accrued hereon to but excluding such payment date shall be paid on such payment date.

THIS BOND AND ALL OF THE BONDS OF THIS SERIES are special limited obligations of the District, payable by the District solely out of the “Pledged Revenues”, as defined in the Indenture (hereinafter defined), which Pledged Revenues are pledged to the payment of the Series 2016 Bonds and all Additional Bonds issued on a parity therewith, and all money and investments held for the credit of the funds and accounts established by or under the Indenture (except the Rebate Fund), all as more fully described and provided for in and subject to the restrictions and limitations imposed by the Indenture. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues and do not constitute a general obligation of the District.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF. THE DISTRICT HAS PLEDGED NEITHER ITS TAXING POWER NOR THE CREDIT OF ITS TAXING POWER AS SECURITY FOR THE PAYMENT OF THE BONDS. THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION, OR FROM ANY SOURCE WHATSOEVER OTHER THAN THE AFORESAID PLEDGED REVENUES.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture until the certificate of authentication hereon shall have been executed by the Authenticating Agent or its agent appointed pursuant to the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the Bonds is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the Bonds to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the District or to have happened precedent to and in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of (premium, if any) and interest on this Bond and the Bonds by irrevocably pledging the described revenues as provided in the Indenture; that payment in full for the Bonds has been received; and that the issuance of the Bonds does not contravene or violate any constitutional or statutory limitation.

1. Description of Series. This Bond is one of the duly authorized issue of the District’s Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the “Bonds”), aggregating in principal amount \$144,200,000, authorized by a resolution adopted by the Board of Commissioners of the District on November 23, 2015 and February 22, 2016, all issued or to be issued under a Trust Indenture and Security Agreement, dated as of February 1, 2016 (the “Indenture”), between the District and The Bank of New York Mellon Trust Company, National Association (the “Trustee”), pursuant to and in full conformity with the Constitution and the statutes of the State. The Bonds are issued in order to provide funds for the District to finance Project Costs.

Pursuant to the terms of the Indenture, the Trustee may appoint agents for the performance of certain duties under the Indenture, including the authentication, registration, transfer, exchange and payment of the Bonds.

Reference is hereby made to the Indenture and the other Bond Documents (as such term is defined in the Indenture), copies of which are filed with the Trustee, for the full provisions thereof (including, among others, those with respect to the nature and extent of the rights, duties and obligations of the parties to the Bond Documents and the holders of the Bonds, the terms upon which the Bonds are issued and secured and the modification or amendment of the Bond Documents), to all of which the holders of the Bonds assent by the acceptance of the Bonds.

2. Certain Additional Definitions. In addition to the definitions set forth above, or contained in Section 1.01 of the Indenture which are incorporated herein, the following terms used herein shall have the following meanings.

“Annual Period” as of any date means the period commencing on the 365th day preceding such date and ending on such date.

“Business Day” means any day other than (a) a Saturday or a Sunday; (b) a legal holiday or the equivalent on which banking institutions generally are authorized or required to be closed in New York, New York, the designated office of the Trustee and Tender Agent or the primary office of the Bank; or (c) a day on which the New York Stock Exchange is closed.

“Conversion Date” means, with respect to the Daily Rate Bonds, any Business Day which follows, by not less than 45 days, the delivery to the Trustee, the Tender Agent and the Remarketing Agent by the District of an irrevocable election on the part of the District that on and after the Conversion Date, the Daily Rate Bonds shall bear interest at the Commercial Paper Rate, Fixed Rate or Weekly Rate, as applicable, therefor.

“Daily Rate” means the rate determined by the Remarketing Agent pursuant to Section 2.08(b) of the Indenture.

“Interest Mode Commencement Date” means the appropriate date displayed on the face of this Bond.

“Interest Payment Date” means, with respect to the Daily Rate Bonds, the 15th day (or next Business Day if the 15th is not a Business Day) of each month, the Conversion Date and the Maturity Date.

“Maximum Rate” means 15% per annum.

“Net effective interest rate” and “net interest cost” have the meanings given to them, respectively, in Texas Government Code, Chapter 1204, as amended.

“Purchase Date” means, with respect to the Daily Rate Bonds, the Business Day prior to each Credit Facility Termination Date, the Business Day prior to each Liquidity Facility Termination Date, the applicable Conversion Date, the effective date of an alternate Liquidity Facility or alternate Credit Facility, and the date on which an Optional Tender of such Daily Rate Bond occurs.

“Purchase Price” means an amount equal to 100% of the principal amount of any Bond tendered or deemed tendered for purchase pursuant to the provisions of paragraphs 5 or 7 hereof, plus any accrued and unpaid Stated Interest to the date of purchase.

“Regular Record Date” means, with respect to the Daily Rate Bonds, the close of business for the Trustee on the Business Day preceding any Interest Payment Date.

“Stated Interest” means interest calculated pursuant to paragraph 3(a) of this Bond.

3. Interest Rate. (a) This Bond shall bear interest for each day at the Daily Rate for such day; provided that the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate.

(b) Notwithstanding the foregoing paragraph 3(a), this Bond shall bear interest for each day it is a Liquidity Bank Bond at the Liquidity Bank Bond Rate for such day; provided, however, that with respect to any Bond which is a Liquidity Bank Bond (i) the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate, and (ii) if this Bond cannot bear interest at the Liquidity Bank Bond Rate for any day because the “net effective interest rate” calculated from the date of issuance of the Bonds through such day would thereby exceed the Maximum Rate, this Bond shall bear interest for such day at the Maximum Rate and shall continue to bear interest at the Maximum Rate for each day that it is a Liquidity Bank Bond until this Bond is paid in full or until such earlier date as the payment of interest at the Maximum Rate results in the payment or accrual of the cumulative amount of interest which would have been paid and accrued at the Liquidity Bank Bond Rate for the period for which this Bond has borne interest at the Liquidity Bank Bond Rate, after which date the interest rate on this Bond shall revert to the Liquidity Bank Bond Rate until this proviso again becomes applicable. Only the Liquidity Bank will be entitled to earn the Liquidity Bank Bond Rate.

(c) In case of any default in the payment of the principal hereof, this Bond shall thereafter bear interest for each day at a rate equal to the Daily Rate (unless this Bond is a Liquidity Bank Bond and the rate payable pursuant to paragraph 3(b) above shall be greater than the Daily Rate, then in such event the rate payable pursuant to such paragraph 3(b) shall be payable); provided, that the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate.

(d) Interest on this Bond shall be calculated on the basis of a 365-day or 366-day year, as the case may be, using the actual number of days elapsed; provided, however, that this method

of calculation does not cause the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation to exceed the Maximum Rate.

4. Notices to Bondholders.

(a) Conversion Dates. At least 30 days prior to any Conversion Date, the Trustee shall give to each Registered Holder of the Daily Rate Bonds to be converted to a Fixed Rate, Weekly Rate or Commercial Paper Rate Bond notice in the manner provided in the Indenture stating the applicable Conversion Date and that if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the Purchase Price of all Untendered Bonds, such Holders will be deemed to have tendered such Daily Rate Bonds for purchase on the Conversion Date.

(b) Credit Facility Termination Date or Liquidity Facility Termination Date. At least 10 Business Days prior to a Credit Facility Termination Date or a Liquidity Facility Termination Date, the Trustee shall give to each Registered Holder of a Daily Rate Bond notice in the manner provided in the Indenture that after the Credit Facility Termination Date or the Liquidity Facility Termination Date, as applicable, the Credit Enhancer or Liquidity Bank will no longer be obligated to pay the principal and interest on, or the Purchase Price of, as applicable, Daily Rate Bonds and that if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the principal and interest on or the Purchase Price of, as applicable, all Untendered Bonds, all Registered Holders who have not tendered their Daily Rate Bonds on or before the Credit Facility Termination Date or the Liquidity Facility Termination Date will be deemed to have tendered such Daily Rate Bonds for purchase on such Purchase Date.

(c) Substitution of Alternate Credit Facility or Alternate Liquidity Facility. At least 10 Business Days prior to the effective date of an alternate Credit Facility or an alternate Liquidity Facility, the Trustee shall give to each Registered Holder of a Daily Rate Bond notice in the manner provided in the Indenture of the date such alternate Credit Facility or alternate Liquidity Facility shall become effective, and if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the Purchase Price of all Untendered Bonds, such Holders will be deemed to have tendered such Daily Rate Bonds for purchase on the effective date of such alternate Credit Facility or alternate Liquidity Facility at the Purchase Price.

(d) Mandatory Tender after Event of Default. The Trustee shall notify the Registered Holders on the same Business Day the Trustee receives receipt of notice from a Credit Enhancer of an Event of Default under Section 7.01(5) and direction from the Credit Enhancer to effect a Mandatory Tender of the Bonds secured by the Credit Facility issued by such Credit Enhancer if the Trustee receives such notice by 2:00 p.m. New York, New York time on a Business Day, and not later than 10:00 a.m. New York, New York time on the next Business Day if the Trustee receives such notice after 2:00 p.m. on a Business Day.

5. Mandatory Tender of Bonds.

(a) Conversion Date. Holders of Daily Rate Bonds which are to be converted to a Fixed Rate, Commercial Paper Rate or Weekly Rate shall be required to tender their Daily Rate Bonds to the Tender Agent for purchase on the applicable Conversion Date at the Purchase Price whether or

not such Daily Rate Bonds actually convert to Fixed Rate Bonds, Commercial Paper Rate Bonds or Weekly Rate Bonds.

(b) Credit Facility Termination Date or Liquidity Facility Termination Date. All Registered Holders of Daily Rate Bonds shall be required to tender their Daily Rate Bonds to the Tender Agent for purchase on the Business Day prior to the Credit Facility Termination Date with respect to such Bonds or Liquidity Facility Termination Date with respect to such Bonds (except in the case of substitution of a Credit Facility or Liquidity Facility), as applicable, at the Purchase Price.

(c) Alternate Credit Facility or Alternate Liquidity Facility. Holders of Daily Rate Bonds shall be required to tender the Daily Rate Bonds to the Tender Agent for purchase at the Purchase Price on the effective date of an Alternate Credit Facility or Alternate Liquidity Facility unless the Trustee has received written confirmation from each Rating Service that the rating on the Bonds will not be reduced or withdrawn as a result of such substitution.

(d) Mandatory Tender after Event of Default. Holders of Daily Rate Bonds shall be required to tender the Daily Rate Bonds to the Tender Agent for purchase at the Purchase Price on the Business Day following the day the Trustee gives notice of mandatory tender as a result of an Event of Default under Section 7.01(5) of the Indenture and direction from the Liquidity Bank to effect a Mandatory Tender of the Daily Rate Bonds.

6. Payment. Interest on this Bond payable prior to or on the Maturity Date shall be paid by check or draft mailed to the Registered Holder of this Bond (provided, that any Registered Holder of \$1,000,000 or more in Bonds may, upon written notice to the Trustee containing the appropriate information, elect to be paid by wire transfer of immediately available funds to an account in the United States) at its address as it appears on the registration books of the Trustee (in such capacity, the "Bond Registrar"). Interest on this Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Registered Holder of this Bond as of the applicable Regular Record Date. In order to make payment of defaulted interest, the District shall pay the defaulted interest to the person who is the Registered Holder on a subsequent special record date. The Trustee shall fix the special record date and special interest payment date. At least 10 days before the special record date, the Trustee shall mail to the Registered Holder a notice that states the special record date, the special interest, payment date, and the amount of interest to be paid.

Principal of (and premium, if any, on) this Bond payable on the Maturity Date or other final payment hereof shall be payable to the Registered Holder of this Bond at the payment office of the Trustee in Houston, Texas, upon the surrender for cancellation of this Bond.

7. Optional Tender of Bonds. This Bond, or any portion hereof in authorized denominations, shall be purchased, at the option of the Registered Holder hereof, on any Business Day at the Purchase Price (payable in immediately available funds at the principal office of the Tender Agent), if the Registered Holder hereof gives notice (a "Demand Notice") to the Remarketing Agent on or prior to 10:00 a.m., New York, New York time, on such Business Day by telephone to _____, or such other number designated for such purpose by the Remarketing Agent, stating the

Holder's irrevocable and unconditional election to tender this Bond on such day and tenders such Bond to the Remarketing Agent prior to 10:00 a.m. New York, New York time. Such Demand Notice must include the name of such Registered Holder and the aggregate principal amount of Bonds to be tendered. The Remarketing Agent shall immediately notify the Trustee as to the amount of Bonds tendered and the amount, if any, required to be drawn on the Liquidity Facility within the time and in the manner required by the Indenture.

The Registered Holder of this Bond, by its acceptance hereof, appoints the Remarketing Agent and the Tender Agent to act as its agents in effecting the purchase of the Bonds pursuant to the provisions of this paragraph. The Purchase Price shall be paid with amounts received pursuant to the Remarketing Agreement or the Liquidity Facility or, if amounts from such sources are inadequate, with amounts received from the Company.

Notwithstanding the foregoing, the provisions of this paragraph 7 shall not be applicable with respect to Liquidity Bank Bonds.

8. Deemed Tender of Daily Rate Bonds. ANY DAILY RATE BOND (OR PORTION THEREOF) FOR WHICH AN OPTIONAL TENDER HAS BEEN EXERCISED, OR WHICH IS SUBJECT TO MANDATORY TENDER, ON ANY PURCHASE DATE IN ACCORDANCE WITH THE PROVISIONS HEREOF AND THE INDENTURE, BUT WHICH IS NOT TENDERED FOR PURCHASE BY 12:00, NOON, NEW YORK, NEW YORK TIME, ON THE APPLICABLE PURCHASE DATE (SUCH BONDS OR PORTIONS HEREIN REFERRED TO AS "UNTENDERED BONDS") SHALL, UPON DEPOSIT IN THE PURCHASE FUND OF AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE OF SUCH BOND ON SUCH PURCHASE DATE, BE DEEMED TO HAVE BEEN TENDERED AND SOLD FOR THE PURCHASE PRICE ON SUCH PURCHASE DATE, REGARDLESS OF WHETHER (i) IN THE CASE OF A MANDATORY TENDER, THE HOLDER THEREOF SHALL HAVE RECEIVED THE NOTICES DESCRIBED IN PARAGRAPH 4 HEREOF, AND (ii) IN CONNECTION WITH A CONVERSION DATE, SUCH DAILY RATE BOND ACTUALLY CONVERTS TO A FIXED RATE BOND WEEKLY RATE, OR A COMMERCIAL PAPER RATE BOND, AND THEREAFTER THE HOLDER THEREOF SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST ACCRUED SUBSEQUENT TO SUCH PURCHASE DATE) IN RESPECT THEREOF OTHER THAN THE PURCHASE PRICE FOR SUCH UNTENDERED BOND, AND SUCH UNTENDERED BOND SHALL NO LONGER BE ENTITLED TO THE BENEFIT OF THE INDENTURE OR THE LIQUIDITY FACILITY, EXCEPT FOR THE PURPOSE OF PAYMENT OF THE PURCHASE PRICE THEREFOR. UNTENDERED BONDS MUST BE SURRENDERED TO THE TENDER AGENT FOR PAYMENT OF THE PURCHASE PRICE DUE THEREON.

9. Optional Redemption. The Daily Rate Bonds may be redeemed in whole or in part prior to maturity on any Business Day, at the option of the District, at a price equal to the unpaid principal amount of the Bonds so redeemed, plus accrued interest to the redemption date, without premium.

10. Authorized Denominations and Transfer. The Daily Rate Bonds are issuable only as fully registered Bonds in denominations of \$100,000 and multiples of \$5,000 in excess of

\$100,000. This Bond is transferable by the Registered Holder hereof in person or by his attorney duly authorized in writing at the principal payment office of the Bond Registrar in Houston, Texas upon presentation hereof to the Bond Registrar, all subject to the terms and conditions provided in the Indenture.

11. Additional Provisions. Subject to the restrictions set forth therein, the Indenture permits, with certain exceptions as therein provided, the District and the Trustee, with the consent of the Holders of the percentage in principal amount of Bonds outstanding specified in the Indenture, to execute supplemental indentures amending, adding to or eliminating any provisions of the Indenture.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. It is also provided in the Indenture that the Trustee at, in certain cases, the written request of the Holders of the applicable percentage of Bonds specified in the Indenture, may waive any past default or Event of Default under the Indenture and its consequences except a default (i) in the payment of principal of or premium, if any, or interest on any of the Bonds, (ii) default under the Credit Facility, or (iii) default under the Liquidity Facility; provided, however, the Trustee must receive prior written notice that any Liquidity Facility and Credit Facility has been reinstated in full and is in full force and effect. The Indenture further provides that if, after a declaration of the acceleration of the maturity of the principal amount of the Bonds, but prior to the entry of a final judgment for such amount, all amounts which would then be payable thereunder by the District if such default had not occurred and were not continuing and certain other amounts shall have been paid by or on behalf of the District and the parties to the Bond Documents shall have also performed all other obligations in respect of which any of them is then in default under the Bond Documents and shall have paid the reasonable charges and expenses of the Trustee and the Holders of the Bonds, including reasonable attorneys' fees paid or incurred, then the Trustee shall, in certain cases, upon request of the Holders of the applicable percentage of Bonds specified in the Indenture, waive such Event of Default and rescind and annul any remedial step theretofore taken by it in respect of such default and its consequences.

Anything to the contrary herein, any right of demand, authorization, direction, consent, waiver, or similar action (other than optional tender rights and other than rights in connection with the failure of payment of the Purchase Price when due) granted to Bondholders whose Bonds are secured by a Credit Facility shall be exercised by the Credit Enhancer for such Credit Facility, so long as such Credit Facility is in effect and such Credit Enhancer is not in default thereunder to the exclusion of such Bondholders.

This Daily Rate Bond shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the applicable laws of the United States of America and of the State.

IN WITNESS WHEREOF, the District has caused this Bond to be executed by its President and to be attested to by its Secretary both by their manual or facsimile signatures all as of the Issue Date.

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY,
TEXAS

By: _____

Name:

Title:

ATTEST:

By: _____

Secretary

(FORM OF CERTIFICATE OF AUTHENTICATION TO
APPEAR ON EACH BOND)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within mentioned Indenture.

as Authenticating Agent, or its agent

Date of Authentication:

By _____
Authorized Signatory

B-10

(FORM OF ASSIGNMENT TO APPEAR ON EACH BOND)

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address, and zip code of _____ transferee) _____ (Social Security or other tax identifying number: _____) the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by: _____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

NOTICE: Signature must be guaranteed by a member firm of the National Association of Securities Dealers or a commercial bank or a trust company which is a participant in an official medallion program.

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UNIF GIFT MIN ACT -Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the list above.

EXHIBIT C
FORM OF BOND
(COMMERCIAL PAPER RATE)

(FORM OF FACE OF BOND)

Registered
No. CR- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF JEFFERSON

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS
DOCK AND WHARF FACILITY REVENUE BONDS, SERIES 2016
(JEFFERSON ENERGY COMPANIES PROJECT)

THIS BOND IS SUBJECT TO MANDATORY TENDER FOR PURCHASE UPON THE OCCURRENCE OF THE EVENTS AND IN THE MANNER HEREINAFTER DESCRIBED, AND MUST BE SO TENDERED OR WILL BE DEEMED

TO HAVE BEEN SO TENDERED AS DESCRIBED HEREIN.

Interest Rate: Commercial Paper Rate Principal Amount: \$ _____
(as herein described)

Interest Mode Commencement Date: _____, 20__ Maturity Date: _____

Registered Holder: _____ CUSIP No.: _____

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS (the "District"), being a political subdivision of the State of Texas (the "State") organized and existing pursuant to Article XVI, Section 59 of the Texas Constitution, for value received, hereby promises to pay to the Registered Holder named above, or registered assigns, but solely from the sources and in the manner herein provided, the Principal Amount set forth above on the Maturity Date set forth above (or earlier as herein described and indicated hereon). The District also promises to pay interest (calculated on the basis of a 365-day or 366-day year, as the case may be, using the actual number of days elapsed) at a Commercial Paper Rate on the unpaid principal balance of this Bond from and including the Interest Mode Commencement Date set forth above, or from and including the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of which this Bond was issued) has been paid, to but excluding the Maturity Date or the date on which the payment of such Principal Amount shall have been made or provided for (if the date of such provision is on or after the date on which the payment of such Principal Amount is due). Interest accrued hereon shall be paid on the day immediately succeeding the last day of each Commercial Paper Rate Period applicable to this Bond, the Conversion Date, any day on which the Bonds are subject to Mandatory Tender and the Maturity Date (each, an "Interest Payment Date"); provided that to the extent principal of this Bond is paid on any date (whether the Maturity Date or otherwise) interest accrued hereon to but excluding such payment date with respect to the portion of the principal so paid shall be paid on such payment date.

THIS BOND AND ALL OF THE BONDS OF THIS SERIES are special limited obligations of the District, payable by the District solely out of the "Pledged Revenues", as defined in the Indenture (hereinafter defined), which Pledged Revenues are pledged to the payment of the Series 2016 Bonds and all Additional Bonds issued on a parity therewith, and all money and investments held for the credit of the funds and accounts established by or under the Indenture (except the Rebate Fund), all as more fully described and provided for in and subject to the restrictions and limitations imposed by the Indenture. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues and do not constitute a general obligation of the District.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF. THE DISTRICT HAS PLEDGED NEITHER ITS TAXING POWER NOR THE CREDIT OF ITS TAXING POWER AS SECURITY FOR THE PAYMENT OF THE BONDS. THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION, OR FROM ANY SOURCE WHATSOEVER OTHER THAN THE AFORESAID PLEDGED REVENUES.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture until the certificate of authentication hereon shall have been executed by the Trustee or its agent appointed pursuant to the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the Bonds is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the Bonds to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the District or to have happened precedent to and in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of (premium, if any) and interest on this Bond and the Bonds; and that payment in full for the Bonds has been received.

1. Description of Series. This Bond is one of the duly authorized issue of the District's Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the "Bonds"), aggregating in principal amount \$144,200,000, authorized by a resolution adopted by the Board of Commissioners of the District on November 23, 2015 and February 22, 2016, all issued or to be issued under a Trust Indenture and Security Agreement, dated as of February 1, 2016, (the "Indenture"), between the District and The Bank of New York Mellon Trust Company, National Association, as trustee (the "Trustee"), pursuant to and in full conformity with the Constitution and the statutes of the State. The Bonds are issued in order to provide funds for the District to finance Project Costs.

Pursuant to the terms of the Indenture, the Trustee may appoint agents for the performance of certain duties under the Indenture, including the authentication, registration, transfer, exchange and payment of the Bonds.

Reference is hereby made to the Indenture and the other Bond Documents (as such term is defined in the Indenture), copies of which are filed with the Trustee, for the full provisions thereof (including, among others, those with respect to the nature and

extent of the rights, duties and obligations of the parties to the Bond Documents and the holders of the Bonds, the terms upon which the Bonds are issued and secured and the modification or amendment of the Bond Documents), to all of which the holders of the Bonds assent by the acceptance of the Bonds.

2. Certain Additional Definitions. In addition to the definitions set forth above, or contained in Section 1.01 of the Indenture which are incorporated herein, the following terms used herein shall have the following meanings:

“Business Day” means any day other than (a) a Saturday or a Sunday; (b) a legal holiday or the equivalent on which banking institutions generally are authorized or required to be closed in Houston, Texas, New York, New York, the designated office of the Trustee and Tender Agent or the primary office of the Bank; or (c) a day on which the New York Stock Exchange is closed.

“Commercial Paper Rate” means the rate determined by the Remarketing Agent pursuant to Section 2.08(c) of the Indenture.

“Conversion Date” means any Interest Payment Date on which the Commercial Paper Rate Bonds are converted to bear interest at a Daily Rate, Fixed Rate or Weekly Rate.

“Interest Mode Commencement Date” means the appropriate date displayed on the face of this Bond.

“Interest Payment Date” means, with respect to each Bond bearing interest at a Commercial Paper Rate, (i) the day immediately succeeding the last day of each Commercial Paper Rate Period applicable to such Bond, and (ii) the Maturity Date.

“Maximum Rate” means 15% per annum.

“Purchase Date” means, with respect to a Commercial Paper Rate Bond, the Business Day immediately succeeding the last day of each Commercial Paper Rate Period, the Business Day prior to the Liquidity Facility Termination Date, the Business Day prior to the Credit Facility Termination Date, the applicable Conversion Date or the effective date of an alternate Credit Facility or alternate Liquidity Facility.

“Purchase Price” means an amount equal to 100% of the principal amount of a Bond tendered or deemed tendered for purchase pursuant to the provisions of paragraph 5 hereof, plus any accrued and unpaid interest, to the date of purchase.

“Regular Record Date” means, with respect to the Commercial Paper Rate Bonds, the close of business for the Trustee on the Business Day preceding any Interest Payment Date.

“Remarketing Agent” means the Person appointed and serving in such capacity in accordance with the Indenture, initially Oppenheimer & Co. Inc.

“Stated Interest” means interest calculated pursuant to paragraph 3(a) of this Bond.

3. Interest Rate.

(a) This Bond shall bear interest for each day at the Commercial Paper Rate; provided that the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the lesser of the Maximum Rate.

(b) Notwithstanding the foregoing paragraph 3(a), this Bond shall bear interest for each day it is a Liquidity Bank Bond at the Liquidity Bank Bond Rate for such day; provided, however, that with respect to any Bond which is a Liquidity Bank Bond (i) the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate, and (ii) if this Bond cannot bear interest at the Liquidity Bank Bond Rate for any day because the “net effective interest rate” calculated from the date of issuance of the Bonds through such day would thereby exceed the Maximum Rate, this Bond shall bear interest for such day at the Maximum Rate and shall continue to bear interest at the for each day that it is a Liquidity Bank Bond until this Bond is paid in full or until such earlier date as the payment of interest at the results in the payment or accrual of the cumulative amount of interest which would have been paid and accrued at the Liquidity Bank Bond Rate for the period for which this Bond has borne interest at the Liquidity Bank Bond Rate, after which date the interest rate on this Bond shall revert to the Liquidity Bank Bond Rate until this proviso again becomes applicable. Only the Liquidity Bank will be entitled to earn the Liquidity Bank Bond Rate.

(c) In case of any default in the payment of the principal hereof, this Bond shall thereafter bear interest for each day at a rate equal to _____ (unless this Bond is a Liquidity Bank Bond and the rate payable pursuant to paragraph 3(b) above shall be greater than _____, then in such event the rate payable pursuant to such paragraph 3(b) shall be payable); provided, that the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate.

(d) Interest on this Bond shall be calculated on the basis of a 365-day or 366-day year, as the case may be, using the actual number of days elapsed; provided, however, that this method of calculation does not cause the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation to exceed the Maximum Rate.

4. Notices to Bondholders.

(a) Conversion Dates. At least 30 days prior to any Conversion Date, the Trustee shall give to each Registered Holder of a Commercial Paper Rate Bond to be converted to a Daily Rate, Fixed Rate or Weekly Rate Bond notice in the manner provided in the Indenture stating the applicable Conversion Date and that if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the Purchase Price of all Untendered Bonds, such Holders will be deemed to have tendered such Commercial Paper Rate Bonds for purchase on the Conversion Date.

(b) Credit Facility Termination Date or Liquidity Facility Termination Date. At least 10 Business Days prior to the Credit Facility Termination Date or a Liquidity Facility Termination Date, the Trustee shall give to each Registered Holder of a Commercial Paper Rate Bond notice in the manner provided in the Indenture that after the Credit Facility Termination Date or the Liquidity Facility Termination Date, as applicable, the Credit Enhancer or Liquidity Bank will no longer be obligated to pay the principal and interest on, or the Purchase Price of, as applicable, Commercial Paper Rate Bonds and that if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the principal and interest on, or the Purchase Price of, as applicable, all Untendered Bonds, all Registered Holders who have not tendered their Commercial Paper Rate Bonds on or before the Credit Facility Termination Date or the Liquidity Facility Termination Date will be deemed to have tendered such Commercial Paper Rate Bonds for purchase one Business Day prior to such Purchase Date.

(c) Substitution of Alternate Credit Facility or Alternate Liquidity Facility. At least 10 Business Days prior to the effective date of an alternate Credit Facility or an alternate Liquidity Facility, the Trustee shall give to each Registered Holder of a Commercial Paper Rate Bond notice in the manner provided in the Indenture of the date an alternate Credit Facility or alternate Liquidity Facility shall become effective, and if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the Purchase Price of all Untendered Bonds, such Holders will be deemed to have tendered such Commercial Paper Rate Bonds for purchase on the effective date of such Alternate Liquidity Facility at the Purchase Price.

5. Mandatory Tender of Bonds.

(a) Conversion Date. Holders of Commercial Paper Rate Bonds which are to be converted to bear interest at a Daily Rate, Fixed Rate or Weekly Rate shall be required to tender their Commercial Paper Rate Bonds to the Tender Agent for purchase on the applicable Conversion Date at the Purchase Price whether or not such Commercial Paper Rate Bonds actually convert to Daily Rate Bonds, Fixed Rate Bonds or Weekly Rate Bonds.

(b) Credit Facility Termination Date or Liquidity Facility Termination Date. Holders of Commercial Paper Rate Bonds shall be required to tender their Commercial Paper Rate Bonds to the Tender Agent for purchase one Business Day prior to the Credit Facility Termination Date or Liquidity Facility Termination Date, as applicable, (except in the case of the substitution of an alternate Credit Facility or alternate Liquidity Facility) at the Purchase Price.

(c) Alternate Credit Facility or Liquidity Facility. Holders of Commercial Paper Rate Bonds shall be required to tender their Commercial Paper Rate Bonds to the Tender Agent for purchase on the effective date of an Alternate Credit Facility or Alternate Liquidity Facility at the Purchase Price.

(d) Commercial Paper Rate Period. Holders of Commercial Paper Rate Bonds during any Commercial Paper Rate Period shall be required to tender their Commercial Paper Rate Bonds to the Tender Agent for purchase at the Purchase Price on the first Business Day succeeding each Commercial Paper Rate Period, which shall also be an Interest Payment Date.

6. Payment. Interest on this Bond payable prior to or on the Maturity Date shall be paid by immediately available funds wired to the Registered Holder of this Bond to an account in the United States as it appears on the registration books of the Trustee (in such capacity, the “Bond Registrar”). Interest on this Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Registered Holder of this Bond as of the applicable Regular Record Date. In order to make payment of defaulted interest, the District shall pay the defaulted interest to the person who is the Registered Holder on a subsequent special record date. The Trustee shall fix the special record date and special interest payment date. At least 10 days before the special record date, the Trustee shall mail to the Registered Holder a notice that states the special record date, the special interest payment date, and the amount of interest to be paid.

Principal of (and premium, if any, on) this Bond payable on the Maturity Date or other final payment hereof shall be payable to the Registered Holder of this Bond at the payment office of the Trustee in Houston, Texas, upon the surrender for cancellation of this Bond.

7. Deemed Tender of Commercial Paper Rate Bonds. ANY COMMERCIAL PAPER RATE BOND WHICH IS SUBJECT TO A MANDATORY TENDER ON ANY PURCHASE DATE IN ACCORDANCE WITH THE PROVISIONS HEREOF AND OF THE INDENTURE, BUT WHICH IS NOT TENDERED FOR PURCHASE BY 12:00, NOON, NEW YORK, NEW YORK TIME, ON THE APPLICABLE PURCHASE DATE (SUCH BONDS HEREIN REFERRED TO AS

“UNTENDERED BONDS”) SHALL, UPON DEPOSIT IN THE PURCHASE FUND OF AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE OF SUCH BOND ON SUCH PURCHASE DATE, BE DEEMED TO HAVE BEEN TENDERED AND SOLD FOR THE PURCHASE PRICE ON SUCH PURCHASE DATE, REGARDLESS OF WHETHER (i) THE HOLDER THEREOF SHALL HAVE RECEIVED THE NOTICE DESCRIBED IN PARAGRAPH 4 HEREOF, OR (ii) IN CONNECTION WITH A CONVERSION DATE, SUCH BOND ACTUALLY CONVERTS TO BEAR INTEREST AT A DAILY RATE, WEEKLY RATE, OR FIXED RATE, AND THEREAFTER THE HOLDER THEREOF SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST ACCRUED SUBSEQUENT TO SUCH PURCHASE DATE) IN RESPECT THEREOF OTHER THAN THE PURCHASE PRICE FOR SUCH UNTENDERED BOND, AND SUCH UNTENDERED BOND SHALL NO LONGER BE ENTITLED TO THE BENEFIT OF THE INDENTURE OR THE LIQUIDITY FACILITY EXCEPT FOR THE PURPOSE OF PAYMENT OF THE PURCHASE PRICE THEREFOR. UNTENDERED BONDS MUST BE PRESENTED TO THE TENDER AGENT FOR PAYMENT OF THE PURCHASE PRICE DUE THEREON.

8. Optional Redemption. The Commercial Paper Rate Bonds are subject to redemption, at the option of the District, in whole or in part on the day immediately succeeding a Commercial Paper Rate Period for the Commercial Paper Rate Bonds being redeemed, at a redemption price equal to the principal amount of the Commercial Paper Rate Bond or Bonds to be redeemed plus accrued interest thereon to the redemption date.

9. Authorized Denominations and Transfer. The Commercial Paper Rate Bonds are issuable only as fully registered Bonds in denominations of \$100,000 and multiples of \$5,000 in excess of \$100,000. This Commercial Paper Rate Bond is transferable by the Registered Holder hereof in person or by his attorney duly authorized in writing at the office of the Bond Registrar in Houston, Texas upon presentation hereof to the Bond Registrar, all subject to the terms and conditions provided in the Indenture.

10. Additional Provisions. Subject to the restrictions set forth therein, the Indenture permits, with certain exceptions as therein provided, the District and the Trustee, with the consent of the Holders of the percentage in principal amount of Bonds outstanding specified in the Indenture and/or the Credit Enhancer and the Liquidity Bank, to execute supplemental indentures amending, adding to or eliminating any provisions of the Indenture.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. It is also provided in the Indenture that the Trustee at, in certain cases, the written request of the Holders of the applicable percentage of Bonds specified in the Indenture may waive any past default or Event of Default under the Indenture and its consequences except a default (i) in the payment of principal of or premium, if any, or interest on any of the Bonds, (ii) default under the Credit Facility, or (iii) default under the Liquidity Facility. The Indenture further provides that if, after a declaration of the acceleration of the maturity of the principal amount of the Bonds, but prior to the entry of a final judgment for such amount, all amounts which would then be payable thereunder by the District if such default had not occurred and were not continuing and certain other amounts shall have been paid by or on behalf of the District and the parties to the Bond Documents shall have also performed all other obligations in respect of which any of them is then in default under the Bond Documents and shall have paid the reasonable charges and expenses of the Trustee and the Holders of the Bonds, including reasonable attorneys’ fees paid or incurred, then the Trustee shall, in certain cases, upon request of the Holders of the applicable percentage of Bonds specified in the Indenture, and in certain cases, upon request of the Credit Enhancer and the Liquidity Bank, waive such Event of Default and rescind and annul any remedial step theretofore taken by it in respect of such default and its consequences.

This Commercial Paper Rate Bond shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the United States of America and of the State, shall not apply to this Commercial Paper Rate Bond.

IN WITNESS WHEREOF, the District has caused this Bond to be executed by its President and to be attested to by its Secretary both by their manual or facsimile signatures all as of the Issue Date.

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY,
TEXAS

By: _____
Name:

Title:

ATTEST:

By: _____
Secretary

(FORM OF CERTIFICATE OF AUTHENTICATION TO
APPEAR ON EACH BOND)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within mentioned Indenture.

as Authenticating Agent, or its agent

Date of Authentication:

By:
Authorized Signatory
(FORM OF ASSIGNMENT TO APPEAR ON EACH BOND)

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address, and zip code of _____ transferee)

_____ (Social Security or other tax identifying number: _____) the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated:

Signature guaranteed by:

NOTICE: NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

NOTICE: Signature must be guaranteed by a member firm of the National Association of Securities Dealers or a commercial bank or a trust company which is a participant in an official medallion program.

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT -Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the list above.

EXHIBIT D
FORM OF BOND
(FIXED RATE)

(FORM OF FACE OF BOND)

Registered
No. FR- _____

Registered
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF JEFFERSON

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS
DOCK AND WHARF FACILITY REVENUE BONDS, SERIES 2016
(JEFFERSON ENERGY COMPANIES PROJECT)

Interest Rate: _____% Principal Amount: \$ _____

Interest Mode Commencement Date: _____, 20__ Maturity Date: _____

Registered Holder: _____ CUSIP No.: _____

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS (the "District"), being a political subdivision of the State of Texas (the "State") organized and existing pursuant to Article XVI, Section 59 of the Texas Constitution, for value received, hereby promises to pay to the Registered Holder named above, or registered assigns, but solely from the sources and in the manner herein provided, the Principal Amount set forth above on the Maturity Date set forth above (or earlier as herein described and indicated hereon). The District also promises to pay interest thereon from the same sources, from the Interest Mode Commencement Date set forth above, or from the Interest Payment Date to which interest has been paid or duly provided for, semiannually on February 1 and August 1 in each year at the per annum Interest Rate set forth above, until the principal hereof is paid or made available for payment, calculated on the basis of a 360-day year of twelve 30-day months.

THIS BOND AND ALL OF THE BONDS OF THIS SERIES are special limited obligations of the District, payable by the District solely out of the "Pledged Revenues", as defined in the Indenture (hereinafter defined), which Pledged Revenues are pledged to the payment of the Series 2016 Bonds and all Additional Bonds issued on a parity therewith, and all money and investments held for the credit of the funds and accounts established by or under the Indenture (except the Rebate Fund), all as more fully described and provided for in and subject to the restrictions and limitations imposed by the Indenture. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues and do not constitute a general obligation of the District.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF. THE DISTRICT HAS PLEDGED NEITHER ITS TAXING POWER NOR THE CREDIT OF ITS TAXING POWER AS SECURITY FOR THE PAYMENT OF THE BONDS. THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION, OR FROM ANY SOURCE WHATSOEVER OTHER THAN THE AFORESAID PLEDGED REVENUES.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture until the certificate of authentication hereon shall have been executed by the Trustee or its agent appointed pursuant to the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the Bonds is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the Bonds to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the District or to have happened precedent to and in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of, premium, if any, and interest on this Bond and the Bonds by irrevocably pledging the described revenues as provided in the Indenture; that payment in full for the Bonds has been received; and that the issuance of the Bonds does not contravene or violate any constitutional or statutory limitation.

1. Description of Series. This Bond is one of the duly authorized issue of the District's Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the "Bonds"), aggregating in principal amount \$144,200,000, authorized by a resolution adopted by the Board of Commissioners of the District on November 23, 2015 and February 22, 2016, all issued or to be issued under a Trust Indenture and Security Agreement, dated as of February 1, 2016 (the "Indenture"), between the District and The Bank of New York Mellon Trust Company, National Association (the "Trustee"), pursuant to and in full conformity with the Constitution and the laws of the State. The Bonds are issued in order to provide funds for the District to lend to finance Project Costs.

Reference is hereby made to the Indenture and the other Bond Documents (as such term is defined in the Indenture), copies of which are filed with the Trustee, for the full provisions thereof (including, among others, those with respect to the nature and extent of the rights, duties and obligations of the parties to the Bond Documents and the Holders of the Bonds, the terms upon which the Bonds are issued and secured and the modification or amendment of the Bond Documents), to all of which the holders of the Bonds assent by the acceptance of the Bonds. Reference is also made to the "Bond Documents," which term shall mean the Bond Documents and all other agreements, certificates, documents and instruments ever delivered in connection with any of the Bond Documents.

2. Certain Additional Definitions. In addition to the definitions contained in Section 1.01 of the Indenture which are incorporated herein, the following terms used herein shall have the following meanings:

“Business Day” means any day other than (a) a Saturday or a Sunday; (b) a legal holiday or the equivalent on which banking institutions generally are authorized or required to be closed in Houston, Texas, New York, New York, the designated office of the Trustee and Tender Agent or the primary office of the Bank; or (c) a day on which the New York Stock Exchange is closed.

“Fixed Rate” means the rate determined by the Remarketing Agent pursuant to Section 2.08(f) of the Indenture.

“Holders or Registered Holders” means the person registered on the books of the registration for the Bonds maintained by the Trustee.

“Interest Mode Commencement Date” means the appropriate date displayed on the face of this Bond.

“Interest Payment Date” means each February 1, August 1, and the Maturity Date.

“Regular Record Date” means, with respect to the Fixed Rate Bonds, the close of business for the Trustee on the first day of the calendar month preceding any interest Payment Date regardless of whether such day is a Business Day.

3. Payment. Interest on this Bond payable prior to or on the Maturity Date shall be paid by check or draft mailed to the Registered Holder of this Bond at its address as it appears on the registration books of the Trustee (in such capacity, the “Bond Registrar”) or in such other manner as may be mutually acceptable to the Trustee and the Registered Holder of this Bond. Interest on this Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Registered Holder of this Bond as of the applicable Regular Record Date. In order to make payment of defaulted interest, the District shall pay the defaulted interest to the person who is the Registered Holder on a subsequent special record date. The Trustee shall fix the special record date and special interest payment date. At least 10 days before the special record date, the Trustee shall mail to the Registered Holder a notice that states the special record date, the special interest payment date, and the amount of interest to be paid.

Principal of (and premium, if any, on) of this Bond payable on the Maturity Date shall be payable to the Registered Holder of this Bond at the payment office of the Trustee in Houston, Texas upon the surrender for cancellation of this Bond.

4. Redemption. The Bonds are subject to redemption prior to maturity as follows:

(a) Optional Redemption. The Bonds shall be subject to optional redemption by the District from time to time on any date as set forth below, in whole or in part in any order, at the

redemption prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth below, together with accrued interest to the redemption date:

[Actual Optional Redemption Schedule to Be Inserted
Based Upon Following Formula]

Fixed Rate Period (Years)	Commencement of Redemption Period	Redemption Price as Percentage of Principal
More than 18 years	Eighth anniversary of Conversion Date	102%, declining by 1% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 12, but not more than 18 years	Sixth anniversary of Conversion Date	102%, declining by 1% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 9 years, but not more than 12 years	Fourth anniversary of Conversion Date	102%, declining by 1% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 6 years, but not more than 9 years succeeding	Third anniversary of Conversion Date	101%, declining by 1% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
More than 3 years, but not more than 6 years	Second anniversary of Conversion Date	101%, declining by 1% on each succeeding anniversary of the first day of the redemption period until reaching 100% and thereafter 100%
3 years or less	First anniversary of Conversion Date	100%

(b) Extraordinary Optional Redemption. The Bonds shall be subject to optional redemption by the District in whole or in part in any order specified by the District prior to stated maturity on any date at a redemption price of par plus accrued interest to the redemption date, within 365 days following the occurrence of any one of the following events (or, if later, in the case of (i) and (ii), below, at the option of the District, within 60 days following the receipt of any proceeds relating to such event):

(i) The properties of the District or a substantial portion thereof shall have been damaged or destroyed to such an extent that, in the opinion of the District, (x) the required restoration and repair could not reasonably be expected to be completed within a period of six months after commencement of restoration or repair, (y) the District is prevented or would likely be prevented from using the properties of the District or a substantial portion thereof for its normal purposes for a period of six months or more or (z) the cost of restoration and repair would not be economically practical or desirable; or

(ii) title to the whole or any part of the properties of the District or the use or possession thereof shall have been taken or condemned by a competent authority to such an extent that, in the opinion of the District, the District is prevented or would likely be prevented from using such properties or a substantial portion thereof for its normal purposes for a period of six months or more; or

(iii) as a result of any changes in the Constitution or laws of the State or of the United States of America or of any legislative, executive or administrative action (whether state or federal) or of any final decree, judgment or order of any court or administrative body (whether state or federal), the obligations of the Company under the Facilities Lease shall have become, as established by an opinion of counsel, void or unenforceable, in each case in any material respect in accordance with the intent and purpose of the parties as expressed in the Facilities Lease.

(c) Mandatory Sinking Fund Redemption. The Bonds shall be subject to mandatory redemption prior to maturity in the following amounts, on the following dates, in each case at a redemption price equal to 100% of their principal amount plus accrued interest to the date fixed for redemption, if any:

**Mandatory Redemption Dates
(February 1)**

Principal Requirements

2021	\$4,950,000
2022	5,320,000
2023	5,720,000
2024	6,155,000
2025	6,615,000
2026	7,115,000
2027	7,650,000
2028	8,225,000
2029	8,840,000
2030	9,510,000
2031	10,225,000
2032	10,990,000
2033	11,820,000
2034	12,710,000
2035	13,665,000
2036 (Maturity)	14,690,000

5. Authorized Denominations and Transfer. The Bonds are issuable only as fully registered Bonds in denominations of \$5,000 or any larger integral multiple thereof. This Bond is transferable by the Registered Holder hereof in person or by his attorney duly authorized in writing at the principal payment office of the Bond Registrar in Houston, Texas upon presentation hereof to the Bond Registrar, all subject to the terms and conditions provided in the Indenture.

6. No Recourse. No recourse shall be had for the payment of the principal of or premium, if any, or interest on this Bond, or for any claim based hereon, or otherwise in respect hereof or of the Indenture, to or against any incorporator, director, officer or employee, past, present or future, as such, of the District or of any predecessor or successor corporation, either directly or through the District or any such predecessor or successor corporation, under and by virtue of any constitution or statute or rule of law or by the enforcement of any assessment or penalty, or otherwise, all such liability of incorporators, directors, officers and employees, as such, being waived and released by the holder and owner hereof by the acceptance of this Bond; all as more fully provided in the Indenture.

7. Other. The Holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. It is also provided in the Indenture that the Trustee at, in certain cases, the written request of the Holders of the applicable percentage of Bonds specified in the Indenture on behalf of the Holders of all the Bonds, may waive any past default or Event of Default under the Indenture and its consequences except a default in

the payment of principal of or premium, if any, or interest on any of the Bonds. The Indenture further provides that if, after a declaration of the acceleration of the maturity of the principal amount of the Bonds, but prior to the entry of a final judgment for such amount, all amounts which would then be payable thereunder by the District if such default had not occurred and were not continuing and certain other amounts shall have been paid by or on behalf of the District and the parties to the Bond Documents shall have also performed all other obligations in respect of which any of them is then in default under the Bond Documents and shall have paid the reasonable charges and expenses of the Trustee and the Holders of the Bonds, including reasonable attorneys' fees paid or incurred, then and in every case the Trustee shall, in certain cases, upon request of the Holders of the applicable percentage of Bonds specified in the Indenture, waive such Event of Default and rescind and annul any remedial step theretofore taken by it in respect of such default and its consequences.

IN WITNESS WHEREOF, the District has caused this Bond to be executed by its President and to be attested to by its Secretary both by their manual or facsimile signatures all as of the Issue Date.

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY,
TEXAS

By: _____

Name:

Title:

ATTEST:

By: _____
Secretary

(FORM OF CERTIFICATE OF AUTHENTICATION TO
APPEAR ON EACH BOND)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within mentioned Indenture.

as Authenticating Agent, or its agent

Date of Authentication:

By _____
Authorized Signatory

(FORM OF ASSIGNMENT TO APPEAR ON EACH BOND)

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address, and zip code of transferee) _____ (Social Security or other tax identifying number: _____) the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

Signature guaranteed by: _____

NOTICE: NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

NOTICE: Signature must be guaranteed by a member firm of the National Association of Securities Dealers or a commercial bank or a trust company which is a participant in an official medallion program.

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UNIF GIFT MIN ACT -Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the list above.

EXHIBIT E
FORM OF BOND
(WEEKLY RATE)

(FORM OF FACE OF BOND)

Registered
No. WR-_____

Registered
\$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF JEFFERSON

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS
DOCK AND WHARF FACILITY REVENUE BONDS, SERIES 2016
(JEFFERSON ENERGY COMPANIES PROJECT)

THIS BOND IS SUBJECT TO MANDATORY TENDER FOR PURCHASE UPON THE OCCURRENCE OF THE EVENTS AND IN THE MANNER HEREINAFTER DESCRIBED, AND MUST BE SO TENDERED OR WILL BE DEEMED TO HAVE BEEN SO TENDERED AS DESCRIBED HEREIN.

Interest Rate: Weekly Rate _____ Principal Amount: \$ _____
(as herein described)

Interest Mode Commencement Date: _____, 20__ Maturity Date: _____

Registered Holder: _____ CUSIP No.: _____

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS (the "District"), being a political subdivision of the State of Texas (the "State") organized and existing pursuant to Article XVI, Section 59 of the Texas Constitution, for value received, hereby promises to pay to the Registered Holder named above, or registered assigns, but solely from the sources and in the manner herein provided, the Principal Amount set forth above on the Maturity Date set forth above (or earlier as herein described and indicated hereon). The District also promises to pay interest at the Weekly Rate on the unpaid principal balance of this Bond from and including the Interest Mode Commencement Date set forth above, or from and including the most recent date to which interest on this Bond (or any Bond in exchange for, or in lieu of which this Bond was issued) has been paid, to but excluding the Maturity Date or the date on which the payment of such Principal Amount shall have been made or provided for (if the date of such provision is on or after the date on which the payment of such Principal Amount is due). Interest accrued hereon shall be paid on the immediately succeeding Interest Payment Date (or next Business Day if such date is not a Business Day); provided that to the extent principal of this Bond is paid on any date (whether the Maturity Date or otherwise) interest accrued hereon to but excluding such payment date shall be paid on such payment date.

THIS BOND AND ALL OF THE BONDS OF THIS SERIES are special limited obligations of the District, payable by the District solely out of the "Pledged Revenues", as defined in the Indenture (hereinafter defined), which Pledged Revenues are pledged to the payment of the Series 2016 Bonds and all Additional Bonds issued on a parity therewith, and all money and investments held for the credit of the funds and accounts established by or under the Indenture (except the Rebate Fund), all as more fully described and provided for in and subject to the restrictions and limitations imposed by the Indenture. This Bond and the series of which it is a part, together with the interest thereon, are payable solely from such Pledged Revenues and do not constitute a general obligation of the District.

THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE DISTRICT, THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF. THE DISTRICT HAS PLEDGED NEITHER ITS TAXING POWER NOR THE CREDIT OF ITS TAXING POWER AS SECURITY FOR THE PAYMENT OF THE BONDS. THE OWNER HEREOF SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF THIS OBLIGATION OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION, OR FROM ANY SOURCE WHATSOEVER OTHER THAN THE AFORESAID PLEDGED REVENUES.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Indenture until the certificate of authentication hereon shall have been executed by the Authenticating Agent or its agent appointed pursuant to the Indenture.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Bond and the Bonds is duly authorized by law; that all acts, conditions and things required to exist and necessary to be done or performed precedent to and in the issuance of this Bond and the Bonds to render the same lawful, valid and binding have been properly done and performed and have happened in regular and due time, form and manner as required by law; that all acts, conditions and things necessary to be done or performed by the District or to have happened precedent to and in the execution and delivery of the Indenture have been done and performed and have happened in regular and due form as required by law; that due provision has been made for the payment of the principal of (premium, if any) and interest on this Bond and the Bonds by irrevocably pledging the described revenues as provided in the Indenture; that payment in full for the Bonds has been received; and that the issuance of the Bonds does not contravene or violate any constitutional or statutory limitation.

1. Description of Series. This Bond is one of the duly authorized issue of the District's Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the "Bonds"), aggregating in principal amount \$144,200,000, authorized by a resolution adopted by the Board of Commissioners of the District on November 23, 2015 and February 22, 2016 all issued or to be issued under a Trust Indenture and Security Agreement, dated as of February 1, 2016 (the "Indenture"), between the District and The Bank of New York Mellon Trust Company, National Association (the "Trustee"), pursuant to and in full conformity with the Constitution and the laws of the State. The Bonds are issued in order to provide funds for the District to finance Project Costs.

In addition, pursuant to the terms of the Indenture, the Trustee may appoint agents for the performance of certain duties under the Indenture, including the authentication, registration, transfer, exchange and payment of the Bonds.

Reference is hereby made to the Indenture and the other Bond Documents (as such term is defined in the Indenture), copies of which are filed with the Trustee, for the full provisions thereof (including, among others, those with respect to the nature and extent of the rights, duties and obligations of the parties to the Bond Documents and the holders of the Bonds, the terms upon which the Bonds are issued and secured and the modification or amendment of the Bond Documents), to all of which the holders of the Bonds assent by the acceptance of the Bonds.

2. Certain Additional Definitions. In addition to the definitions contained in Section 1.01 of the Indenture which are incorporated herein, the following terms used herein shall have the following meanings.

“Annual Period” as of any date means the period commencing on the 365th day preceding such date and ending on such date.

“Business Day” means any day other than (a) a Saturday or a Sunday; (b) a legal holiday or the equivalent on which banking institutions generally are authorized or required to be closed in Houston, Texas, New York, New York, the designated office of the Trustee and Tender Agent or the primary office of the Bank; or (c) a day on which the New York Stock Exchange is closed.

“Conversion Date” means, with respect to the Weekly Rate Bonds, any Business Day which follows, by not less than 45 days, the delivery to the Trustee, the Tender Agent and the Remarketing Agent by the District of an irrevocable election on the part of the District that on and after the Conversion Date, the Weekly Rate Bonds shall bear interest at the Commercial Paper Rate, Fixed Rate or Daily Rate, as applicable, therefor.

“Interest Mode Commencement Date” means the appropriate date displayed on the face of this Bond.

“Interest Payment Date” means, with respect to the Weekly Rate Bonds, the 15th day (or next Business Day if the 15th is not a Business Day) of each month, the Conversion Date and the Maturity Date.

“Maximum Rate” means 15% per annum.

“Net effective interest rate” and “net interest cost” have the meanings given to them, respectively, in Texas Government Code, Chapter 1204, as amended.

“Purchase Date” means, with respect to the Weekly Rate Bonds, (1) each date on which an Optional Tender of such Weekly Rate Bonds occurs, (2) each date on which a Mandatory Tender of such Weekly Rate Bonds occurs due to a conversion to the Fixed Rate, (3) the Business Day prior to each Credit Facility Termination Date (other than as described in clause (5)), (4) the Business Day prior to each Liquidity Facility Termination Date (other than as described in clause (5)), (5) on the day on which any alternate Credit Facility or any alternate Liquidity Facility becomes effective, (6) the applicable Conversion Date, and (7) the first Business Day following the Business Day on which the Trustee receives written notice of an Event of Default under Section 7.01(5) of the Indenture and direction from the Credit Enhancer to effect a Mandatory Tender

“Purchase Price” means an amount equal to 100% of the principal amount of any Bond tendered or deemed tendered for purchase pursuant to the provisions of paragraphs 5 or 7 hereof, plus any accrued and unpaid Stated Interest to the date of purchase.

“Regular Record Date” means, with respect to the Weekly Rate Bonds, the close of business for the Trustee on the Business Day preceding any Interest Payment Date.

“Stated Interest” means interest calculated pursuant to paragraph 3(a) of this Bond.

“Weekly Rate” means the rate determined by the Remarketing Agent pursuant to Section 2.08(g) of the Indenture.

3. Interest Rate. (a) This Bond shall bear interest for each day at the Weekly Rate for such day; provided that the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate.

(b) Notwithstanding the foregoing paragraph 3(a), this Bond shall bear interest for each day it is a Liquidity Bank Bond at the Liquidity Bank Bond Rate for such day; provided, however, that with respect to any Bond which is a Liquidity Bank Bond (i) the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate, and (ii) if this Bond cannot bear interest at the Liquidity Bank Bond Rate for any day because the “net effective interest rate” calculated from the date of issuance of the Bonds through such day would thereby exceed the Highest Lawful Rate, this Bond shall bear interest for such day at the Maximum Rate and shall continue to bear interest at the Maximum Rate for each day that it is a Liquidity Bank Bond until this Bond is paid in full or until such earlier date as the payment of interest at the Maximum Rate results in the payment or accrual of the cumulative amount of interest which would have been paid and accrued at the Liquidity Bank Bond Rate for the period for which this Bond has borne interest at the Liquidity Bank Bond Rate,

after which date the interest rate on this Bond shall revert to the Liquidity Bank Bond Rate until this proviso again becomes applicable. Only the Liquidity Bank will be entitled to earn the Liquidity Bank Bond Rate.

(c) In case of any default in the payment of the principal hereof, this Bond shall thereafter bear interest for each day at a rate equal to the Weekly Rate (unless this Bond is a Liquidity Bank Bond and the rate payable pursuant to paragraph 3(b) above shall be greater than the Weekly Rate, then in such event the rate payable pursuant to such paragraph 3(b) shall be payable); provided, that the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation shall never exceed the Maximum Rate.

(d) Interest on this Bond shall be calculated on the basis of a 365-day or 366-day year, as the case may be, using the actual number of days elapsed; provided, however, that this method of calculation does not cause the “net effective interest rate” from the date of issuance of the Bonds through any subsequent date of calculation to exceed the Maximum Rate.

4. Notices to Bondholders. (a) Conversion Dates. At least 30 days prior to any Conversion Date, the Trustee shall give to each Registered Holder of a Weekly Rate Bond to be converted to a Fixed Rate, Daily Rate or Commercial Paper Rate Bond notice in the manner provided in the Indenture stating the applicable Conversion Date and that if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the Purchase Price of all Untendered Bonds, such Holders will be deemed to have tendered such Weekly Rate Bonds for purchase on the Conversion Date.

(b) Credit Facility Termination Date or Liquidity Facility Termination Date. At least 10 days prior to a Credit Facility Termination Date or a Liquidity Facility Termination Date, the Trustee shall give to each Registered Holder of a Weekly Rate Bond notice in the manner provided in the Indenture that after the Credit Facility Termination Date or the Liquidity Facility Termination Date, as applicable, the Credit Enhancer or Liquidity Bank will no longer be obligated to pay the principal and interest on, or the Purchase Price of, as applicable, Weekly Rate Bonds and that if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the principal and interest on or the Purchase Price of, as applicable, all Untendered Bonds, all Registered Holders who have not tendered their Weekly Rate Bonds on or before the Credit Facility Termination Date or the Liquidity Facility Termination Date will be deemed to have tendered such Weekly Rate Bonds for purchase on such Purchase Date.

(c) Substitution of Alternate Credit Facility or Alternate Liquidity Facility. At least 10 days prior to the effective date of an alternate Credit Facility or an alternate Liquidity Facility, the Trustee shall give to each Registered Holder of a Weekly Rate Bond notice in the manner provided in the Indenture of the date an alternate Credit Facility or alternate Liquidity Facility shall become effective, and if there has been irrevocably deposited in trust with the Tender Agent an amount of money to pay the Purchase Price of all Untendered Bonds, such Holders will be deemed to have tendered such Weekly Rate Bonds for purchase on the effective date of such alternate Credit Facility or alternate Liquidity Facility at the Purchase Price.

(d) Mandatory Tender after Event of Default. The Trustee shall notify the Registered Holders on the same Business Day the Trustee receives receipt of notice from a Credit Enhancer of an Event of Default under Section 7.01(5) and direction from the Credit Enhancer to effect a Mandatory Tender of the Bonds secured by the Credit Facility issued by such Credit Enhancer if the Trustee receives such notice by 2:00 p.m. New York, New York time on a Business Day, and not later than 10:00 a.m. New York, New York time on the next Business Day if the Trustee receives such notice after 2:00 p.m. on a Business Day.

5. Mandatory Tender of Bonds.

(a) Conversion Date. Holders of Weekly Rate Bonds which are to be converted to a Fixed Rate, Commercial Paper Rate or Daily Rate shall be required to tender their Weekly Rate Bonds to the Tender Agent for purchase on the applicable Conversion Date at the Purchase Price whether or not such Weekly Rate Bonds actually convert to Fixed Rate Bonds, Commercial Paper Rate Bonds or Daily Rate Bonds.

(b) Credit Facility Termination Date or Liquidity Facility Termination Date. All Registered Holders of Weekly Rate Bonds shall be required to tender their Weekly Rate Bonds to the Tender Agent for purchase on the Business Day prior to the Credit Facility Termination Date with respect to such Bonds or Liquidity Facility Termination Date with respect to such Bonds (except in the case of substitution of a Credit Facility or Liquidity Facility), as applicable, at the Purchase Price.

(c) Alternate Credit Facility or Alternate Liquidity Facility. Holders of Weekly Rate Bonds shall be required to tender the Weekly Rate Bonds to the Tender Agent for purchase at the Purchase Price on the effective date of an alternate Credit Facility or alternate Liquidity Facility unless the Trustee has received written confirmation from each Rating Service that the rating on the Bonds will not be reduced or withdrawn as a result of such substitution.

(d) Mandatory Tender after Event of Default. Holders of Weekly Rate Bonds shall be required to tender the Weekly Rate Bonds to the Tender Agent for purchase at the Purchase Price on the Business Day following the day the Trustee gives notice of mandatory tender as a result of an Event of Default under Section 7.01(5) of the Indenture and direction from the Liquidity Bank to effect a Mandatory Tender of the Weekly Rate Bonds.

6. Payment. Interest on this Bond payable prior to or on the Maturity Date shall be paid by check or draft mailed to the Registered Holder of this Bond (provided, that any Registered Holder of \$1,000,000 or more in Bonds may, upon written notice to the Trustee containing the appropriate information, elect to be paid by wire transfer of immediately available funds to an account in

the United States) at its address as it appears on the registration books of the Trustee (in such capacity, the "Bond Registrar"). Interest on this Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Registered Holder of this Bond as of the applicable Regular Record Date. In order to make payment of defaulted interest, the District shall pay the defaulted interest to the person who is the Registered Holder on a subsequent special record date. The Trustee shall fix the special record date and special interest payment date. At least 10 days before the special record date, the Trustee shall mail to the Registered Holder a notice that states the special record date, the special interest payment date, and the amount of interest to be paid.

Principal of (and premium, if any, on) this Bond payable on the Maturity Date or other final payment hereof shall be payable to the Registered Holder of this Bond at the payment office of the Trustee in Houston, Texas, upon the surrender for cancellation of this Bond.

7. Optional Tender of Bonds. This Bond, or any portion hereof in authorized denominations, shall be purchased, at the option of the Registered Holder hereof, on any Business Day at the Purchase Price (payable in immediately available funds at the principal office of the Tender Agent) (the "Optional Purchase Date"), if the Registered Holder hereof gives notice (a "Demand Notice") to the Remarketing Agent at or prior to 11:00 A.M., New York, New York time, on a Business Day which is at least seven calendar days prior to such Optional Purchase Date by telephone to (205) 949-3667, or such other number designated for such purpose by the Remarketing Agent, stating the Holder's irrevocable and unconditional election to tender this Bond on such Optional Purchase Date and tenders such Bond to the Remarketing Agent prior to 11:00 A.M. New York, New York time on such Optional Purchase Date. Such Demand Notice must include the name of such Registered Holder and the aggregate principal amount of Bonds to be tendered. The Remarketing Agent shall immediately notify the Trustee as to the amount of Bonds tendered and the amount, if any, required to be drawn on the Liquidity Facility within the time and in the manner required by the Indenture.

The Registered Holder of this Bond, by its acceptance hereof, appoints the Remarketing Agent and the Tender Agent to act as its agents in effecting the purchase of the Bonds pursuant to the provisions of this paragraph. The Purchase Price shall be paid with amounts received pursuant to the Remarketing Agreement or the Liquidity Facility or, if amounts from such sources are inadequate, with amounts received from the Company.

Notwithstanding the foregoing, the provisions of this paragraph 7 shall not be applicable with respect to Liquidity Bank Bonds.

8. Deemed Tender of Weekly Rate Bonds. ANY WEEKLY RATE BOND (OR PORTION THEREOF) FOR WHICH AN OPTIONAL TENDER HAS BEEN EXERCISED, OR WHICH IS SUBJECT TO MANDATORY TENDER, ON ANY PURCHASE DATE IN ACCORDANCE WITH THE PROVISIONS HEREOF AND THE INDENTURE, BUT WHICH IS NOT TENDERED FOR PURCHASE BY 12:00, NOON, NEW YORK, NEW YORK TIME, ON THE APPLICABLE PURCHASE DATE (SUCH BONDS OR PORTIONS HEREIN REFERRED TO AS "UNTENDERED BONDS") SHALL, UPON DEPOSIT IN THE PURCHASE FUND OF AN AMOUNT SUFFICIENT TO PAY THE PURCHASE PRICE OF SUCH BOND ON SUCH PURCHASE DATE, BE DEEMED TO HAVE BEEN TENDERED AND SOLD FOR THE PURCHASE PRICE ON SUCH PURCHASE DATE, REGARDLESS OF WHETHER (i) IN THE CASE OF A MANDATORY TENDER, THE HOLDER THEREOF SHALL HAVE RECEIVED THE NOTICES DESCRIBED IN PARAGRAPH 4 HEREOF, AND (ii) IN CONNECTION WITH A CONVERSION DATE, SUCH WEEKLY RATE BOND ACTUALLY CONVERTS TO A FIXED RATE BOND OR A COMMERCIAL PAPER RATE BOND, AND THEREAFTER THE HOLDER THEREOF SHALL NOT BE ENTITLED TO ANY PAYMENT (INCLUDING ANY INTEREST ACCRUED SUBSEQUENT TO SUCH PURCHASE DATE) IN RESPECT THEREOF OTHER THAN THE PURCHASE PRICE FOR SUCH UNTENDERED BOND, AND SUCH UNTENDERED BOND SHALL NO LONGER BE ENTITLED TO THE BENEFIT OF THE INDENTURE OR THE LIQUIDITY FACILITY, EXCEPT FOR THE PURPOSE OF PAYMENT OF THE PURCHASE PRICE THEREFOR. UNTENDERED BONDS MUST BE SURRENDERED TO THE TENDER AGENT FOR PAYMENT OF THE PURCHASE PRICE DUE THEREON.

9. Optional Redemption. The Weekly Rate Bonds may be redeemed in whole or in part prior to maturity on any Business Day, at the option of the District, at a price equal to the unpaid principal amount of the Bonds so redeemed, plus accrued interest to the redemption date, without premium.

10. Authorized Denominations and Transfer. The Weekly Rate Bonds are issuable only as fully registered Bonds in denominations of \$100,000 and multiples of \$5,000 in excess of \$100,000. This Bond is transferable by the Registered Holder hereof in person or by his attorney duly authorized in writing at the principal payment office of the Bond Registrar in Houston, Texas upon presentation hereof to the Bond Registrar, all subject to the terms and conditions provided in the Indenture.

11. Additional Provisions. Subject to the restrictions set forth therein, the Indenture permits, with certain exceptions as therein provided, the District and the Trustee, with the consent of the Holders of the percentage in principal amount of Bonds outstanding specified in the Indenture and/or the Credit Enhancer and the Liquidity Bank, to execute supplemental indentures amending, adding to or eliminating any provisions of the Indenture.

The Holder of this Bond shall have no right to enforce the provisions of the Indenture or to institute an action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. It is also provided in the Indenture that the

Trustee at, in certain cases, the written request of the Holders of the applicable percentage of Bonds specified in the Indenture, or in certain cases, the written request of the Credit Enhancer and the Liquidity Bank, may waive any past default or Event of Default under the Indenture and its consequences except a default (i) in the payment of principal of or premium, if any, or interest on any of the Bonds, (ii) default under the Credit Facility, or (iii) default under the Liquidity Facility; provided, however, the Trustee must receive prior written notice that any Liquidity Facility and Credit Facility has been reinstated in full and is in full force and effect. The Indenture further provides that if, after a declaration of the acceleration of the maturity of the principal amount of the Bonds, but prior to the entry of a final judgment for such amount, all amounts which would then be payable thereunder by the District if such default had not occurred and were not continuing and certain other amounts shall have been paid by or on behalf of the District and the parties to the Bond Documents shall have also performed all other obligations in respect of which any of them is then in default under the Bond Documents and shall have paid the reasonable charges and expenses of the Trustee and the Holders of the Bonds, including reasonable attorneys' fees paid or incurred, then the Trustee shall, in certain cases, upon request of the Holders of the applicable percentage of Bonds specified in the Indenture, and in certain cases, upon request of the Credit Enhancer and the Liquidity Bank, waive such Event of Default and rescind and annul any remedial step theretofore taken by it in respect of such default and its consequences.

Anything to the contrary herein, any right of demand, authorization, direction, consent, waiver, or similar action (other than optional tender rights and other than rights in connection with the failure of payment of the Purchase Price when due) granted to Bondholders whose Bonds are secured by a Credit Facility shall be exercised by the Credit Enhancer for such Credit Facility, so long as such Credit Facility is in effect and such Credit Enhancer is not in default thereunder to the exclusion of such Bondholders.

This Weekly Rate Bond shall be governed, in all respects including validity, interpretation and effect by, and shall be enforceable in accordance with, the laws of the United States of America and of the State.

IN WITNESS WHEREOF, the District has caused this Bond to be executed by its President and to be attested to by its Secretary both by their manual or facsimile signatures, all as of the Issue Date.

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY,
TEXAS

By: _____
Name:

Title:

ATTEST:

Secretary

(FORM OF CERTIFICATE OF AUTHENTICATION TO
APPEAR ON EACH BOND)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds referred to in the within mentioned Indenture.

as Authenticating Agent, or its agent

Date of Authentication:

By _____
Authorized Signatory

(FORM OF ASSIGNMENT TO APPEAR ON EACH BOND)

FORM OF ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address, and zip code of transferee) _____

_____ (Social Security or other tax identifying number: _____) the within Bond and does hereby irrevocably constitute and appoint _____, as attorney, to transfer the within Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature(s) on this assignment must correspond with the name(s) of the registered holder(s) appearing on the face of the within Bond in every particular.

Signature guaranteed by: _____

NOTICE: Signature must be guaranteed by a member firm of the National Association of Securities Dealers or a commercial bank or a trust company which is a participant in an official medallion program.

The following abbreviations, when used in the assignment above or on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UNIF GIFT MIN ACT -Custodian.....
(Cust) (Minor)
under Uniform Gifts to Minors Act
.....
(State)

Additional abbreviations may also be used though not in the list above.

EXHIBIT F

FORM OF REQUISITION CERTIFICATE

Request No.: _____

_____, 20__

The Bank of New York Mellon Trust Company, National Association
as Trustee
601 Travis Street
Houston Texas 77002
Attention: Corporate Trust Department

Re: Disbursement from the Project Fund

Ladies and Gentlemen:

This Request is provided to you pursuant to Section 4.06 of the Trust Indenture and Security Agreement, dated as of February 1, 2016 (the "Indenture"), between the Port of Beaumont Navigation District of Jefferson County, Texas (the "Issuer") and you, as Trustee, relating to the Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project). The capitalized terms used in this Request have the same meanings given such terms in the Indenture.

You are hereby directed to pay the amount of \$ _____ from the Project Fund to _____
by _____.

(payee)

(method of payment)

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY,
TEXAS

By: _____
Authorized Representative

By executing below Jefferson Railport Terminal II LLC hereby certifies as follows:

- (i) There has been expended, or is being expended concurrently with the delivery of this certificate for Project Costs an amount at least equal to the amount requisitioned above for disbursement as set forth below;
- (ii) Such amount being requisitioned, including amounts for capitalized interest, represent capital expenditures (amounts chargeable to capital account) and satisfy the requirements set forth in the Tax Certificate regarding such expenditures;
- (iii) The requirements set forth in Exhibit E, Section 1.3 of the Facilities Lease have been satisfied;
- (iv) No Event of Default under the Indenture has occurred and is continuing, and the disbursement hereby requested complies with the restrictions in the Tax Certificate;
- (v) No other Request in respect of the expenditures set forth in clause (i) above is being or has previously been delivered to the Trustee.

JEFFERSON RAILPORT TERMINAL II LLC

By: _____
Authorized Representative

EXHIBIT G

FORM OF INVESTOR LETTER

Port of Beaumont Navigation District of Jefferson County, Texas
1225 Main Street
Beaumont, Texas 77704

The Bank of New York Mellon Trust Company, National Association
601 Travis Street, Floor 16
Houston, Texas 77002

Oppenheimer & Co. Inc.
100 NE 3rd Avenue, Suite 500
Fort Lauderdale, Florida 33301

Morgan Stanley & Co. LLC
1585 Broadway
New York, NY 10036

Stifel, Nicolaus & Company, Incorporated
One Montgomery Street, 35th Floor
San Francisco, CA 94104

Re: \$144,200,000
Port of Beaumont Navigation District of Jefferson County, Texas

Ladies and Gentlemen:

The undersigned (the “Purchaser”) hereby acknowledges receipt of \$_____ principal amount of the referenced bonds (the “Bonds”), issued pursuant to a Trust Indenture and Security Agreement, dated as of February 1, 2016 (the “Indenture”), between the Port of Beaumont Navigation District of Jefferson County, Texas, a conservation and reclamation district (the “District”), and The Bank of New York Mellon Trust Company, National Association, a national banking association, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

The undersigned acknowledges that the Bonds were delivered for the purpose of (i) paying for the development, construction and acquisition of certain facilities for the transport, loading, unloading and storage of petroleum products on behalf of the District, and paying costs incurred in connection therewith; (ii) funding capitalized interest with respect to the Bonds; and (iii) paying certain costs of issuance (together, the “Project”).

The undersigned further acknowledges that the District and Jefferson Railport Terminal II LLC, a Delaware limited liability company (the “Company”), (i) have entered into that certain First Amended and Restated Agreement and Lease, dated as of February 1, 2016 (the “Ground Lease”), pursuant to which, inter alia, the Company has constructed certain improvements, consisting of facilities for the transport, loading, unloading and storage of petroleum products; and (ii) are to enter into that certain Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016 (the “Facilities Lease”), pursuant to which, inter alia, the Company will construct additional improvements on behalf of the District (together with certain improvements constructed under the Ground Lease, the “Facilities”).

The undersigned further acknowledges that (i) the Bonds will initially be issued as fixed rate bonds bearing interest at the Initial Rate and will be subject to mandatory tender for purchase on February 13, 2020 (the “First Initial Bonds Remarketing Date”), and (ii) the District, the Company, Jefferson Railport Terminal II Holdings LLC, a Delaware limited liability company and the parent company of the Company (“Jefferson Holdings”), and the Trustee are to enter into that certain Standby Bond Purchase Agreement, dated as of February 1, 2016 (the “Standby Bond Purchase Agreement”), pursuant to which, in the event any of the Bonds have not been repurchased from proceeds of a remarketing or redeemed, or defeased to a date, on or prior to the First Initial Bonds Remarketing Date, Jefferson Holdings and the Company shall be obligated to purchase the Bonds on the First Initial Bonds Remarketing Date at the Purchase Price for Initial Bonds equal to the principal amount thereof and unpaid accrued interest (the “Purchase Price”). In addition, the undersigned acknowledges that, pursuant to the Standby Bond Purchase Agreement, Jefferson Holdings is to guarantee the payment of all Rent (as defined in the Indenture) and all principal of and premium (if any) and interest on the Bonds payable prior to repurchase of the Bonds from proceeds of a remarketing or redemption of the Bonds or defeasance of the Bonds to a date, in each case, on or prior to the First Initial Bonds Remarketing Date.

The undersigned further acknowledges that Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company (“FTAI”), certain of FTAI’s subsidiaries and Jefferson Holdings are to enter into that certain Capital Call Agreement, dated as of February 1, 2016 (the “Capital Call Agreement”), pursuant to which FTAI or such subsidiaries will provide funds to Jefferson Holdings to permit Jefferson Holdings to satisfy its obligations under the Standby Bond Purchase Agreement.

In connection with the sale of the Bonds to the Purchaser, the Purchaser hereby makes the following representations upon which you may rely:

1. The Purchaser has authority and is duly authorized to purchase the Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds.
2. The Purchaser is (i) a “Qualified Institutional Buyer” (a “QIB”) within the meaning of Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”) and (ii) not a “substantial user” of the Facilities, or a “related person,” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (a “Substantial User”).
3. The Purchaser understands that beneficial ownership interests in the Bonds may be sold or transferred only to (i) a QIB and (ii) prior to the First Initial Bonds Remarketing Date, purchasers who are not a Substantial User.
4. The Purchaser acknowledges that it has either been supplied with or been given access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and that the Purchaser has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the District, the Company, Jefferson Holdings, FTAI, the Facilities and the Bonds and the security therefor so that, as a reasonable investor, the Purchaser has been able to make its decision to purchase the Bonds. The Purchaser has received and relied upon a copy of the Limited Offering Memorandum dated February __, 2016, relating to the Bonds (the “Limited Offering Memorandum”).
5. The Purchaser has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material

factors affecting the security for and payment of the Bonds. The Purchaser is aware that the businesses of the Company, Jefferson Holdings and FTAI involve certain economic and regulatory variables and risks that could adversely affect the security for the Bonds, and the Purchaser represents and warrants that (i) it is sufficiently knowledgeable and experienced in financial and business matters to be able to evaluate the risks and merits of the investment represented by the purchase of the Bonds, and (ii) it is not purchasing Bonds for more than one account or with a view to distributing the Bonds.

6. The Purchaser understands that the Bonds are not registered under the Securities Act and that such registration is not legally required; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange and (c) will be delivered in a form which may not be readily marketable.
7. The Purchaser understands that (i) Bonds and interest thereon are special limited obligations of the District, payable solely from and secured by a pledge of the Trust Estate, including the Pledged Revenues, as provided for in the Indenture; (ii) the District shall be under no obligation to pay any portion of the Purchase Price of Bonds subject to tender on the First Initial Bonds Remarketing Date, other than from funds provided from a successful remarketing of the Bonds or funds provided under the Standby Bond Purchase Agreement; (iii) the Bonds shall not constitute a general obligation indebtedness of the District or of the State or any political subdivision thereof, within the meaning of any State constitutional provision or statutory limitation, and shall not constitute a pledge of the full faith and credit of the District, its members, the State or any political subdivision thereof; (iv) the issuance of the Bonds shall not directly, indirectly or contingently obligate the State or any political subdivision thereof, including the District, to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment; and (v) revenues securing the District’s other outstanding revenue bonds or general obligation bonds will not be pledged and should not be anticipated to be available for payment of principal of, or premium or interest on, or the Purchase Price of the Bonds.
8. The Purchaser agrees that the Purchaser is bound by and will abide by the provisions of the Indenture regarding transfer restrictions, the transfer restrictions noted on the face of the Bonds and this Investor Letter. The Purchaser will comply with all applicable federal and state securities laws, rules and regulations in connection with any resale or transfer of the Bonds by the Purchaser. The Purchaser acknowledges that any purported transfer of Bonds in violation of the transfer restrictions in the Indenture shall be null and void.
9. The interpretation of the provisions hereof shall be governed and construed in accordance with Texas law without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, I have hereunto set my hand on _____, 20__.

[PURCHASER]

By: _____

Name: _____

Title: _____

SCHEDULE I

WITHDRAWALS FROM INTEREST ACCOUNT OF DEBT SERVICE FUND

Date of Interest Payment	Amount Withdrawn from Bond Proceeds Subaccount	Amount Withdrawn from Prepaid Rent Subaccount	Total Interest Paid from Subaccounts
8/1/2016	\$987,291.13	3,194,308.87	\$4,181,600.00

2/1/2017	1,234,172.93	3,993,077.07	5,227,250.00
8/1/2017	1,234,172.93	3,993,077.07	5,227,250.00
2/1/2018	1,234,172.93	3,993,077.07	5,227,250.00
8/1/2018	662,592.62	383,057.382	1,045,650.00 ⁱⁱ
TOTAL	<u>\$5,352,402.54</u>	<u>\$15,556,597.46</u>	<u>\$20,909,000.00</u>

Exhibit 10.8

STANDBY BOND PURCHASE AGREEMENT

among

**PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS,
THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION,
JEFFERSON RAILPORT TERMINAL II LLC**

and

JEFFERSON RAILPORT TERMINAL II HOLDINGS LLC

Dated as of February 1, 2016

Relating to

\$144,200,000

**Port of Beaumont Navigation District of Jefferson County, Texas
Dock and Wharf Facility Revenue Bonds, Series 2016
Jefferson Energy Companies Project**

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EXHIBIT A PURCHASE NOTICE

STANDBY BOND PURCHASE AGREEMENT

This **STANDBY BOND PURCHASE AGREEMENT** (this “**Agreement**”) is dated as of February 1, 2016, by and among the **PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS** (the “**District**”), a political subdivision of the State of Texas, **THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association duly organized and existing under the laws of the United States of America, as trustee under the Indenture referred to below (the “**Trustee**”), **JEFFERSON RAILPORT TERMINAL II LLC**, a limited liability company organized under the laws of the State of Delaware (“**Jefferson Railport**”), and **JEFFERSON RAILPORT TERMINAL II HOLDINGS LLC**, a limited liability company organized under the laws of the State of Delaware (“**Jefferson Holdings**”). Jefferson Railport and Jefferson Holdings are sometimes referred to herein individually as a “**Purchaser**” and together as the “**Purchasers**.” All capitalized terms used herein and not otherwise defined, including in the recitals hereto, shall have the meaning assigned in Section 1.01 or as otherwise provided in Section 1.02.

WITNESSETH:

WHEREAS, pursuant to applicable Texas law, particularly Chapter 147, Acts of the 51st Legislature of Texas, Regular Session, 1949, as amended, Chapter 60, Texas Water Code, as amended, and Chapter 1201, Texas Government Code, as amended (together, the “**Act**”), the terms and conditions of a resolution of the District’s Board of Commissioners, dated as of November 23, 2015 (the “**Resolution**”) and a Trust Indenture and Security Agreement, dated as of February 1, 2016, (the “**Indenture**”), between the District and the Trustee, the District is issuing a series of bonds designated Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project), in the principal amount of \$144,200,000 (the “**Series 2016 Bonds**”); and

WHEREAS, the proceeds of the Series 2016 Bonds will be applied to (i) reimburse and pay Jefferson Railport for the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products on behalf of the District (the “**Bond Financed Facilities**”); (ii) pay capitalized interest on a portion of the Series 2016 Bonds; and (iii) pay certain costs of issuance of the Series 2016 Bonds; and

WHEREAS, certain improvements have been or will be constructed by Jefferson Railport on behalf of the District, on property leased to Jefferson Railport by the District pursuant to a First Amended and Restated Agreement and Lease, dated as of February 1, 2016 (the “**Ground Lease**”), by and between Jefferson Railport, as successor to Port of Beaumont Petroleum Transload Terminal II, LLC and the District; and

WHEREAS, to achieve the purposes for which the Series 2016 Bonds will be issued, (i) the District will reimburse Jefferson Railport for certain of the improvements constructed by Jefferson Railport on behalf of the District under the Ground Lease (the “**Existing Property**”); (ii) Jefferson Railport, pursuant to a Lease and Development Agreement (Facilities Lease), dated as of February 1, 2016 (the “**Facilities Lease**”), between the District and Jefferson Railport, will construct additional improvements on behalf of the District (together with the Existing Property, the “**Bond Financed**”

Property”), all of which property is subject to the terms of the Ground Lease; and (iii) Jefferson Railport will lease the Bond Financed Property from the District pursuant to the terms and conditions of the Facilities Lease and the Ground Lease; and

WHEREAS, Jefferson Railport is a wholly owned subsidiary of Jefferson Holdings, which has no material assets or liabilities other than the equity interests of Jefferson Railport; and

WHEREAS, the Series 2016 Bonds will be subject to mandatory tender for purchase on the First Initial Bonds Remarketing Date (as defined below) at a purchase price (the **“Purchase Price”**) equal to the principal amount of Series 2016 Bonds tendered or deemed tendered for purchase, plus interest thereon to, but not including, the First Initial Bonds Remarketing Date; and

WHEREAS, it is anticipated that the Purchase Price will be paid pursuant to a Remarketing of the Series 2016 Bonds; and

WHEREAS, Jefferson Holdings and Jefferson Railport have proposed that, pursuant to this Agreement, (i) in the event that any Series 2016 Bonds are not repurchased with proceeds of a Remarketing, redeemed or defeased to a date on or before the First Initial Bonds Remarketing Date in whole, Jefferson Holdings and Jefferson Railport shall be committed to purchase such Series 2016 Bonds from the holders thereof on the First Initial Bonds Remarketing Date at the Purchase Price, and (ii) Jefferson Holdings shall guaranty the payment of all (A) principal of and premium and interest on the Series 2016 Bonds, including interest on the overdue principal of and, if lawful, interest on the Series 2016 Bonds, if any, and all other monetary obligations of the District under the Indenture and the Series 2016 Bonds in accordance with the terms of the Indenture, and (B) Rent (as defined below), in each case that is payable prior to repurchase of the Series 2016 Bonds with the proceeds of remarketing on the First Initial Bonds Remarketing Date or prior redemption or defeasance of the Series 2016 Bonds in whole; and

WHEREAS, pursuant to a Leasehold Deed of Trust and Security Agreement, dated as of the issuance date of the Series 2016 Bonds (the **“Jefferson Railport Deed of Trust”**), Jefferson Railport will grant a deed of trust lien on and security interest in its interest in the Ground Lease and in all buildings, fixtures, modifications, replacements, improvements, easements, rights-of-way, air/water/development rights, machinery and equipment thereon or with respect thereto to the Trustee for the benefit of the Trustee and the holders of the Series 2016 Bonds to secure its obligations hereunder; and

WHEREAS, in reliance upon, inter alia, the provisions hereof, the Purchasers are entering into this Agreement with the District and the Trustee.

NOW, THEREFORE, for valuable consideration the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. *Specific Terms.* The following terms shall have the meanings indicated below or in the referenced Section of this Agreement, unless the context shall clearly indicate otherwise:

“Affiliate” means, when used with respect to any specified Person, any other Person directly or indirectly controlling, controlled by or under common control with, such Person. “Control” shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and “controlling” and “controlled” shall have meanings correlative thereto.

“Agreement” means this Standby Bond Purchase Agreement.

“Available Commitment” means, as of any day, the sum of (i) the Available Principal Commitment, (ii) the Available Interest Commitment and (iii) all third-party costs, expenses and fees related to the Series 2016 Bonds payable as Rent, in each case as of such day.

“Available Interest Commitment” means an amount equal to interest that accrues pursuant to the Indenture on the Series 2016 Bonds to the First Initial Bonds Remarketing Date thereof (after the allowable application of capitalized interest with respect thereto and after giving effect to any interest previously paid) and, if not then repurchased with proceeds of a Remarketing in whole, thereafter until so purchased or redeemed or paid in full. The Available Interest Commitment may be adjusted from time to time downward by an amount that bears the same proportion to such amount as the amount of a reduction in the Available Principal Commitment pursuant to the definition of “Available Principal Commitment” bears to the Available Principal Commitment prior to such reduction. Any adjustments pursuant to the previous sentence shall occur simultaneously with the event requiring such adjustment.

“Available Principal Commitment” means, initially, ONE HUNDRED FORTY-FOUR MILLION, TWO HUNDRED THOUSAND DOLLARS (\$144,200,000), and thereafter shall mean such initial amount adjusted from time to time as follows:

- (a) Upon any reduction in the Available Principal Commitment pursuant to Section 2.03, downward by the amount of such reduction;
- (b) Downward by the principal amount of any Series 2016 Bonds purchased by a Purchaser pursuant to Section 2.01; and
- (c) Downward by the principal amount of any Series 2016 Bonds repurchased with proceeds of a Remarketing, redeemed or defeased to a date on or before the First Initial Bonds Remarketing Date.

Any adjustment to the Available Principal Commitment pursuant to clause (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clauses.

“**Bond Financed Property**” has the meaning assigned to that term in the recitals to this Agreement.

“**Bondholders**” means the registered owners of the Series 2016 Bonds.

“**Business Day**” has the meaning assigned to that term in the Indenture.

“**Capital Call Agreement**” means the Capital Call Agreement, dated as of February 1, 2016, among Fortress Transportation and Infrastructure Investors LLC, its subsidiaries party thereto and Jefferson Holdings.

“**Closing Date**” means _____, 2016, or such later date on which this Agreement is fully executed and delivered and is effective pursuant to Section 3.01.

“**Debt Service Fund**” has the meaning stated in the Indenture.

“**District**” has the meaning assigned to that term in the Preamble to this Agreement.

“**DTC**” has the meaning assigned to that term in Section 2.02(a).

“**First Initial Bonds Remarketing Date**” has the meaning assigned to that term in the Indenture (as in effect on the date hereof).

“**Indenture**” has the meaning assigned to that term in the recitals to this Agreement.

“**Interest Component**” means that portion of the aggregate Purchase Price for all Series 2016 Bonds that constitutes accrued and unpaid interest on the Series 2016 Bonds.

“**Jefferson Holdings LLC Agreement**” means the Amended and Restated Limited Liability Company Agreement of Jefferson Railport Terminal II Holdings LLC, dated as of the Closing Date, by and among FTAI Energy Partners LLC and the initial Independent Manager (as defined therein).

“**Jefferson Holdings Obligations**” has the meaning assigned to that term in Section 2.04.

“**Person**” means an individual, a corporation, a partnership, an association, an agency, an authority, a joint venture, a trust, a business trust, a limited liability company or any other entity or organization, including a governmental entity or political subdivision or an agency or instrumentality thereof.

“**Principal Component**” means that portion of the aggregate Purchase Price for all Series 2016 Bonds that constitutes principal of the Series 2016 Bonds.

“**Purchase Notice**” means the written notice to be provided by the Trustee to the Purchasers in accordance with Section 7.02 hereof and the provisions of the Indenture in the event that there are insufficient moneys on the First Initial Bonds Remarketing Date to provide for the purchase of the Series 2016 Bonds from the Bondholders at the Purchase Price.

“**Purchase Price**” means, with respect to any Series 2016 Bond as of the First Initial Bonds Remarketing Date, one hundred percent of the principal amount of such Series 2016 Bond plus accrued and unpaid interest thereon to the First Initial Bonds Remarketing Date, but in no event to exceed the Available Commitment.

“**Purchaser**” means each of Jefferson Railport and Jefferson Holdings in their respective capacities as purchasers under this Agreement.

“**Related Documents**” means this Agreement, the Resolution, the Series 2016 Bonds, the Indenture, the Tax Certificate (as defined in the Indenture), the Ground Lease, the Jefferson Railport Deed of Trust, the SNDA (as defined in the Indenture), the Facilities Lease, the Assignment (as defined in the Indenture) and the Capital Call Agreement, including any exhibits, instruments or certificates relating to any thereof.

“**Remarketing**” means a remarketing of the Series 2016 Bonds by a Remarketing Agent (as defined in the Indenture) on the First Initial Bonds Remarketing Date (as defined in the Indenture) in accordance with the terms of the Indenture and the Series 2016 Bonds.

“**Rent**” has the meaning assigned to that term in the Facilities Lease.

“**Resolution**” has the meaning assigned to that term in the recitals to this Agreement.

“**Series 2016 Bonds**” has the meaning assigned to that term in the recitals to this Agreement.

“**State**” means the State of Texas.

“**Trustee**” means The Bank of New York Mellon Trust Company, National Association, in its capacity as Trustee for the benefit of the owners of the Series 2016 Bonds under the Indenture, and any permitted successor thereunder.

“**Written**” or “**in Writing**” means any form of written communication or a communication by means of a scanned portable document file (pdf) attached to an e-mail with electronic confirmation of delivery.

Section 1.02. Incorporation of Certain Definitions by Reference Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Indenture or the Series 2016 Bonds, as applicable, unless the context otherwise requires.

Section 1.03. Accounting Matters. All accounting terms used herein without definition shall be interpreted in accordance with generally accepted accounting principles in the United States of America, consistently applied, and, except as otherwise expressly provided herein, all accounting

determinations required to be made pursuant to this Agreement shall be made in accordance with generally accepted accounting principles in the United States of America, consistently applied.

Section 1.04. *Computation of Time Periods.* In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

Section 1.05. *New York City Time Presumption.* All references herein to times of the day shall be presumed to refer to New York City time unless otherwise specified.

Section 1.06. *Relation to Other Documents.* Nothing in this Agreement shall be deemed to amend or relieve any party hereto of any of its obligations under any Related Document to which such party is a party.

Section 1.07. *Interpretation.* All words used herein shall be construed to be of such gender or number as the circumstances require. Reference herein to any document means such document as amended, modified or supplemented from time to time as permitted under its terms and the terms hereof. Reference herein to an Article, Exhibit or Section shall constitute a reference to such Article, Exhibit or Section of or to this Agreement unless otherwise specified.

ARTICLE II

THE COMMITMENT

Section 2.01. *Commitment to Purchase Series 2016 Bonds.* Subject to the terms and conditions of this Agreement, the Purchasers hereby agree jointly and severally to purchase all Series 2016 Bonds at the Purchase Price on the date specified in Section 2.02 below to the extent that the Series 2016 Bonds have not been repurchased with proceeds of a Remarketing, redeemed or defeased to a date on or before the First Initial Bonds Remarketing Date. The Principal Component of the Purchase Price so to be paid for Series 2016 Bonds on the First Initial Bonds Remarketing Date shall not exceed the lesser of (i) 100% of the principal amount of such Series 2016 Bonds and (ii) the Available Principal Commitment (calculated, in each case, without giving effect to any purchase of Series 2016 Bonds by a Purchaser on such date) at 11:00 a.m. (New York time) on such First Initial Bonds Remarketing Date. The Interest Component of the Purchase Price so to be paid for Series 2016 Bonds on the First Initial Bonds Remarketing Date shall not exceed the Available Interest Commitment (calculated, in each case, without giving effect to any purchase of Series 2016 Bonds by a Purchaser on such date) at 11:00 a.m. (New York time) on such First Initial Bonds Remarketing Date. The obligation to purchase the Series 2016 Bonds shall be absolute and unconditional, and shall not be deemed to be a best-efforts obligation. In no event shall the District be obligated to provide any additional funds for the payment of the Purchase Price of the Series 2016 Bonds.

Section 2.02. Method of Purchasing.

(a) **Notice of Purchase.** If the Purchasers receive from the Trustee a Purchase Notice pursuant to Section 7.02 hereof and the provisions of the Indenture not later than 12:00 p.m. (New York time) on the First Initial Bonds Remarketing Date or any subsequent date, the Purchasers shall, subject to satisfaction of the requirements of Article III hereof, transfer to the Trustee not later than 2:00 p.m. (New York time) on the First Initial Bonds Remarketing Date or such subsequent date, as applicable, in immediately available funds, an amount equal to (i) the aggregate Purchase Price of all Series 2016 Bonds tendered or deemed tendered for purchase on or before such date, less (ii) proceeds deposited or to be deposited in the Remarketing Account (as such term is defined in the Indenture) from a Remarketing in accordance with the Indenture, if any, less (iii) any monies deposited in the Reserve Fund (as such term is defined in the Indenture) and transferred into the Initial Bonds Standby Bond Purchase Account (as such term is defined in the Indenture) pursuant to Section 2.17(d)(i) of the Indenture. If, pursuant to Section 7.02 hereof and the provisions of the Indenture, the Purchasers receive from the Trustee a Purchase Notice later than 12:00 p.m. (New York time) on the First Initial Bonds Remarketing Date or any subsequent date, the Purchasers shall, subject to satisfaction of the requirements of Article III hereof, transfer to the Trustee not later than 2:00 p.m. (New York time) on the immediately succeeding Business Day, in immediately available funds, an amount equal to (i) the aggregate Purchase Price of all Series 2016 Bonds tendered or deemed tendered for purchase on or before such date, less (ii) proceeds deposited or to be deposited in the Remarketing Account (as such term is defined in the Indenture) from a Remarketing in accordance with the Indenture, if any, less (iii) any monies deposited in the Reserve Fund (as such term is defined in the Indenture) and transferred into the Initial Bonds Standby Bond Purchase Account (as such term is defined in the Indenture) pursuant to Section 2.17(d)(i) of the Indenture. The Trustee shall also provide telephonic notice to the Purchasers of the delivery of such Purchase Notice at the telephone number for such notice set forth in Section 7.02. A Purchase Notice shall be irrevocable after delivery thereof by the Trustee. Neither the Purchasers nor the District shall have any responsibility for, nor incur any liability in respect of, any act or any failure to act by the Trustee that results in the Trustee's failure to effect the purchase of Series 2016 Bonds with funds provided pursuant to this Section 2.02(a).

(b) **Remittance of Extra Funds.** In the event that any funds paid by a Purchaser to the Trustee pursuant to Section 2.02(a) shall not be required to be applied to purchase Series 2016 Bonds as provided herein, such funds shall be returned to the Purchaser by wiring such funds promptly by the Trustee and, until so returned, shall be held in trust by the Trustee for the account of such Purchaser.

Section 2.03. Mandatory Reductions of Available Principal Commitment. Upon any repurchase of Series 2016 Bonds with proceeds of a Remarketing, a redemption of Series 2016 Bonds or a defeasance of Series 2016 Bonds to a date on or prior to the Initial Bonds Remarketing Date, the aggregate Available Principal Commitment shall be reduced, upon receipt by a Purchaser of Written notice of such occurrence from the Trustee, by the principal amount of the Series 2016 Bonds so repurchased, redeemed or defeased, as specified in such Written notice. Upon the Trustee obtaining knowledge of any of the foregoing, the Trustee shall promptly provide written notice of such occurrence to each Purchaser.

Section 2.04. Guaranty of the Series 2016 Bonds and Rent. (a) Jefferson Holdings hereby absolutely and unconditionally guarantees to the District the prompt and punctual payment, when due, of (i) principal of and premium and interest on the Series 2016 Bonds, including interest on the overdue principal of and interest on the Series 2016 Bonds, if any, if lawful, and all other monetary obligations of the District under the Indenture and the Series 2016 Bonds, on the dates and in the amounts as therein provided and (ii) each Rent payment, as provided in the Facilities Lease, on the dates and in the amounts as therein provided, in each case that is payable prior to a repurchase with proceeds of a Remarketing, a redemption, or a defeasance of all Series 2016 Bonds on or prior to the First Initial Bonds Remarketing Date (collectively, the “**Jefferson Holdings Obligations**”). Jefferson Holdings hereby acknowledges that it has reviewed the Indenture and the Facilities Lease, and hereby acknowledges adequate consideration for its obligations under this Section 2.04.

(b) This is an absolute and unconditional guaranty of payment and not of collection, by Jefferson Holdings, and Jefferson Holdings waives any right to require that (a) any action be brought against Jefferson Railport or any other person or entity, (b) the Trustee proceed or enforce its rights against or exhaust any security given to secure the Jefferson Holdings Obligations, (c) the Trustee has Jefferson Railport joined with Jefferson Holdings in any suit arising out of this Section 2.04, or (d) the Trustee pursue any other remedy in the Trustee’s powers whatsoever. Jefferson Holdings also waives all suretyship defenses and defenses in the nature thereof including, without limitation, any rights pursuant to Rule 31 of the Texas Rules of Civil Procedure, Section 17.001 of the Texas Civil Practice and Remedies Code, and Chapter 43 of the Texas Civil Practice and Remedies Code.

(c) The obligations of Jefferson Holdings under this Section 2.04 are several from those of Jefferson Railport and are primary obligations concerning which Jefferson Holdings is the principal obligor. The payment by Jefferson Holdings of any amount pursuant to this Section 2.04 shall not in any way entitle Jefferson Holdings to any right, title or interest (whether by way of subrogation or otherwise) in and to any of the Jefferson Holdings Obligations or any proceeds thereof, or any security therefor prior to the full satisfaction of the Jefferson Holdings Obligations.

(d) If Jefferson Holdings receives from the Trustee notification pursuant to Section 4.04(g) of the Indenture, Jefferson Holdings shall, subject to satisfaction of the requirements of Article III hereof, transfer to the Trustee not later than 10:00 a.m. (New York time) on the day on which any payment of principal of or premium or interest on Series 2016 Bonds shall become due, or, if the Trustee provides such notice to Jefferson Holdings later than 10:00 a.m. (New York time) the Business Day before a payment of principal, premium or interest is due or any subsequent date, the Business Day following the day on which such payment is due or such later date on which such notice is provided, as applicable, in immediately available funds, an amount equal to the amount of the deficiency in the Debt Service Fund as of such date. The Trustee shall also provide telephonic notice to Jefferson Holdings of the delivery of such notification at the telephone number for such notice set forth in Section 7.02.

(e) In the event that any funds paid by Jefferson Holdings to the Trustee pursuant to Section 2.04(a) shall not be required to be applied to pay principal of and premium and interest on the Series 2016 Bonds or a Rent payment as provided herein, such funds shall be returned to Jefferson Holdings

by wiring such funds as promptly as practicable by the Trustee and, until so returned, shall be held in trust by the Trustee for the account of Jefferson Holdings.

Section 2.05. *Rights as Bondholders.* Upon purchasing Series 2016 Bonds, the Purchasers shall be entitled to and shall be deemed assigned all rights, privileges and security accorded Bondholders as provided in the Series 2016 Bonds and the Indenture, other than the right to tender such Series 2016 Bonds for purchase on the First Initial Bonds Remarketing Date pursuant to the Indenture and have such Series 2016 Bonds purchased with amounts advanced hereunder. Upon purchasing Series 2016 Bonds and registration of such Series 2016 Bonds in the name of or at the direction of the Purchasers, as provided herein, the Purchasers or other such registered owner shall be recognized by the District and the Trustee as the true and lawful beneficial owners of the Series 2016 Bonds, free from any claims, liens, security interests, equitable interests and other interests of the District or the Trustee, except as otherwise provided herein and except as such interests might exist under the terms of the Series 2016 Bonds with respect to all Bondholders. Any Purchaser that or who is a “substantial user” of the Bond Financed Property or any “related person” within the meaning of Section 147(a)(1) of the Internal Revenue Code of 1986, as amended, and the applicable Treasury Regulations promulgated thereunder, hereby acknowledges and agrees that interest on the Series 2016 Bonds is not exempt from federal income taxation while owned by such a “substantial user or “related person.”

ARTICLE III

CONDITIONS PRECEDENT TO EFFECTIVENESS

Section 3.01. *Conditions Precedent to Effectiveness.* This Agreement shall become effective on the date when the Purchasers and the District shall have received each of the following which are, in form and substance, satisfactory to the Purchasers and the District and their respective counsel:

(a) A true and complete original executed counterpart of this Agreement.

(b) Certified copies of the resolutions of the District, Jefferson Holdings and Jefferson Railport approving this Agreement, the other Related Documents to which such Person is a party and the other matters contemplated hereby (which certificate shall state that such resolutions are in full force and effect on the Closing Date).

(c) A certificate of each of the District, Jefferson Holdings, Jefferson Railport and the Trustee certifying the names and true signatures of the respective officers thereof authorized to sign this Agreement and the other documents to be delivered by it hereunder.

(d) A copy, certified on the Closing Date by the District, of each Related Document delivered on or prior to the Closing Date and an executed original of each Related Document delivered on the Closing Date.

(e) Copies of the legal opinions rendered in connection with the issuance of the Series 2016 Bonds and the delivery of the Related Documents, confirmed as of the Closing Date.

(f) Payment of all amounts due and owing to the District pursuant to any of the Related Documents as of the Closing Date.

(g) Such other documents, instruments, approvals and, if requested by a Purchaser, certified duplicates of executed originals thereof, and opinions as a Purchaser may reasonably request.

If the Purchasers waive or acknowledge satisfaction of the foregoing conditions in Writing delivered to the Trustee, then such conditions shall be deemed to have been waived by the parties hereto or satisfied for all purposes, whether or not actually satisfied.

Section 3.02. *Conditions Precedent to Purchasers' Obligation to Purchase Series 2016 Bonds and Jefferson Holdings' Obligation to Make Payments in Respect of the Jefferson Holdings Obligations.* The obligation of the Purchasers to purchase Series 2016 Bonds hereunder on the First Initial Bonds Remarketing Date is subject to the delivery to the Purchasers of a Purchase Notice in the manner described in Section 2.02(a), it being understood and agreed that there are no other conditions (implied or otherwise) to the commitments hereunder, including compliance with the terms of this Agreement. The obligation of Jefferson Holdings in respect of the Jefferson Holdings Obligations is subject to the delivery of notification to Jefferson Holdings in the manner described in Section 2.04(d) and the Indenture, it being understood and agreed that there are no other conditions (implied or otherwise) to the commitments hereunder, including compliance with the terms of this Agreement.

ARTICLE IV

PURCHASER REPRESENTATIONS AND WARRANTIES

Each Purchaser represents and warrants as of the date hereof as follows:

Section 4.01. *Existence and Power.* Such Purchaser is duly organized as a limited liability company under the laws of the State of Delaware, with all power and authority to conduct its business as currently conducted, to own its assets and to enter into and satisfy its obligations under this Agreement.

Section 4.02. *Noncontravention.* The execution and delivery by such Purchaser of this Agreement and the performance of its obligations hereunder will not violate any existing law, rule, regulation, order, writ, judgment, injunction, decree or award binding on such Purchaser, or result in a breach of any of the terms of, or constitute a default under or result in the creation or imposition of any lien on any of its property pursuant to, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which such Purchaser is a party or by which it or any of its property is bound or its organizational documents or any of the rules or regulations applicable to it or its property or any decree or order of any court or other governmental body, except to the extent that such

violation, breach, default or lien could not reasonably be expected to have an adverse effect on the obligations or a material adverse effect on the ability of the Purchasers to perform their obligations hereunder.

Section 4.03. *Due Authorization.* The execution, delivery and performance by such Purchaser of this Agreement are within its corporate power and authority, and have been duly authorized and duly executed by all necessary action and will not contravene any provision of its organizational documents.

Section 4.04. *Valid and Binding Obligations.* This Agreement is a valid and binding obligation of each Purchaser, enforceable against each Purchaser in accordance with its terms, except as such enforceability may be limited by such Purchaser's bankruptcy, insolvency, reorganization or moratorium or other laws or equitable principles relating to or limiting creditors' rights generally.

Section 4.05. *Pending Litigation and Other Proceedings.* There is no litigation of any nature pending or, to the knowledge of such Purchaser, threatened against such Purchaser to restrain or enjoin the operations of any property of such Purchaser, or in any way contesting or affecting the obligations of such Purchaser hereunder, except to the extent that such litigation could not reasonably be expected to have an adverse effect on the obligations or a material adverse effect on the ability of the Purchasers to perform their obligations hereunder.

Section 4.06. *Consideration.* Each Purchaser acknowledges and agrees that it shall benefit from the District's acquisition and construction of the Bond Financed Property, and has received adequate consideration for the obligations of the Purchaser undertaken hereunder.

Section 4.07. *Completion of the Bond Financed Property.* THE DISTRICT DOES NOT, AND EACH PURCHASER ACKNOWLEDGES AND AGREES THAT THE DISTRICT DOES NOT, MAKE ANY WARRANTY, EITHER EXPRESS OR IMPLIED, (1) THAT THE FUNDS AVAILABLE TO THE DISTRICT FOR PAYMENT OF THE COSTS OF THE FACILITIES WILL BE SUFFICIENT TO PAY ALL THE COSTS WHICH WILL BE INCURRED IN CONNECTION THEREWITH; OR (2) AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITIES OR THAT THE FACILITIES ARE OR WILL BE SUITABLE FOR JEFFERSON RAILPORT'S PURPOSES OR NEEDS.

ARTICLE V

DISTRICT REPRESENTATIONS AND WARRANTIES

The District represents and warrants as of the date hereof as follows:

Section 5.01. *Existence and Power.* The District is a governmental body corporate and politic duly organized and validly existing under the laws of the State. The District has all power and authority to conduct its business as currently conducted, to own its assets and to enter into and satisfy its obligations under this Agreement and the other Related Documents to which it is a party.

Section 5.02. *Regulatory Authority.* The District is duly authorized to conduct its business and activities under all applicable laws, rulings, regulations and ordinances and the departments, agencies and political subdivisions governing it or regulating its business and activities.

Section 5.03. *Noncontravention.* The execution and delivery by the District of this Agreement and the other Related Documents to which it is a party and the performance of its obligations under the Related Documents will not violate any existing law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the District, or result in a breach of any of the terms of, or constitute a default under or result in the creation or imposition of any lien on any of its property pursuant to, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which the District is a party or by which it or any of its property is bound or its enabling legislation or any of the rules or regulations applicable to it or its property or any decree or order of any court or other governmental body, except to the extent such violation, breach, default or lien would not reasonably be expected to have a material adverse effect on the ability of the District to perform its obligations under any Related Document.

Section 5.04. *Due Authorization.* The execution, delivery and performance by the District of this Agreement and the other Related Documents to which it is a party are within its corporate power and authority, and have been duly authorized and duly executed by all necessary action and will not contravene any provision of the Act or its organizational documents.

Section 5.05. *Valid and Binding Obligations.* This Agreement and the other Related Documents to which the District is a party are valid and binding obligations of the District, enforceable against the District in accordance with their respective terms, except as such enforceability may be limited by the District's bankruptcy, insolvency, reorganization or moratorium or other laws or equitable principles relating to or limiting creditors' rights generally.

Section 5.06. Pending Litigation and Other Proceedings. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District seeking to restrain or enjoin the sale or issuance of the Series 2016 Bonds or the Series 2016 Bonds, or in any way contesting or affecting any proceedings of the District taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Series 2016 Bonds or the Series 2016 Bonds, the validity or enforceability of the documents executed by the District in connection with the Series 2016 Bonds or the Series 2016 Bonds, or the existence or powers of the District relating to the sale of the Series 2016 Bonds or the Series 2016 Bonds, except to the extent such litigation would not reasonably be expected to have a material adverse effect on the ability of the District to perform its obligations hereunder.

ARTICLE VI

PURCHASER COVENANTS

The Purchasers covenant and agree as follows, unless the District and the Trustee shall otherwise consent in writing:

Section 6.01. Amendments. Neither Purchaser shall amend, modify or supplement, nor agree to any amendment or modification of, or supplement to, any of the Related Documents to which such Purchaser is a party, except as permitted by such Related Document, nor shall any Purchaser amend, modify or supplement its certificate of formation or other organizational documents in any manner which would have a material adverse effect on its obligations hereunder or the other Related Documents to which it is a party. In addition, Jefferson Holdings shall not amend, modify or supplement, nor agree to any amendment or modification of, or supplement to, (i) the Capital Call Agreement or (ii) Section 5(c), 7, 8, 9(a), 9(h), 9(j), 10, 19(e), 20, 21, 22, 23, 24 or 29 or Schedule A (with respect to any defined term used in the aforementioned Sections) of the Jefferson Holdings LLC Agreement in any material respect adverse to the Trustee or the Bondholders, in each case without the written consent of the Trustee.

Section 6.02. Corporate Existence. Each Purchaser shall maintain its existence and shall not merge or consolidate with any other Person or sell or dispose of all or substantially all of its assets, unless: (a) such Purchaser shall be the surviving entity in the case of a merger, or the surviving, resulting, or transferee entity, as the case may be, shall expressly and unconditionally assume, in a written instrument delivered to the other parties hereto, the punctual performance and observance of all of the covenants and conditions of this Agreement and the other Related Documents to be performed by such Purchaser; (b) such Purchaser or such surviving, resulting, or transferee entity, as the case may be, shall not, immediately after such merger or consolidation, or sale or disposition, be in default in the performance of any covenant or condition hereunder; (c) if such Purchaser is not the surviving or transferee entity, as the case may be, the surviving, resulting, or transferee entity shall take such action as may be reasonably necessary to grant or otherwise continue the effectiveness of all security interests created by such Purchaser under the Related Documents and shall take all reasonably necessary action so that such security interests are and remain perfected; (d) such

Purchaser or such surviving, resulting, or transferee entity, as the case may be, shall have a net worth at least equal to the net worth of such Purchaser immediately preceding such merger or consolidation, or sale or disposition, with net worth being determined in accordance with generally accepted accounting principles; and (d) if such Purchaser is Jefferson Holdings, Jefferson Holdings or such surviving, resulting, or transferee entity, as the case may be, shall continue to be the beneficiary of the Capital Call Agreement. Notwithstanding the foregoing, neither Purchaser may merge or consolidate into or sell or dispose of all or substantially all of its assets to the other Purchaser.

Section 6.03. *Nature of Business of Jefferson Holdings.* Jefferson Holdings shall not engage in any material business activities or have any material assets or liabilities other than (i) holding 100% of the equity interests of Jefferson Railport, (ii) performing its obligations under this Agreement and the other Related Documents to which it is a party, (iii) maintaining its legal existence, filing tax returns, paying taxes and providing reports to governmental authorities and its members and (iv) activities incidental to the foregoing. Jefferson Holdings shall comply (and shall cause its members and managers to comply) with the provisions of the Jefferson Holdings LLC Agreement specified in Section 6.01 above. Jefferson Holdings shall give prompt notice to the Trustee of any action taken with the required consent of the Independent Manager (as defined in the Jefferson Holdings LLC Agreement).

Section 6.04. *Special Purpose Entity Covenant.* Jefferson Railport shall:

- (a) maintain its own books and records and bank accounts separate and apart from those of its members, Affiliates and other Persons;
- (b) hold itself out at all times to the public and all other Persons as a legal entity separate from any other Person;
- (c) file all tax returns that Jefferson Railport is required to file, if any, as required by applicable law (except to the extent that Jefferson Railport (i) is treated as a “disregarded entity” for tax purposes and is not required to file tax returns under applicable law or (ii) files a consolidated federal income tax return with another Person as may be permitted by applicable law);
- (d) not commingle its assets with assets of any other Person;
- (e) conduct its business in its own name or a trade name registered, licensed to or trademarked by Jefferson Railport (except for services rendered under a management, service, operation or maintenance agreement, so long as the applicable party holds itself out as acting as an agent on behalf of Jefferson Railport) and strictly comply with all organizational formalities necessary to maintain its separate existence;
- (f) maintain separate financial statements and, if consolidated with financial statements of one or more Affiliates, assure that such consolidated financial statements include footnotes to the effect that Jefferson Railport is a separate legal entity and that its assets are not (other than as provided in the Related Documents) available to satisfy the claims of Affiliates;

(g) other than as provided in the Related Documents, account for and manage all of its liabilities separately from those of its Affiliates, pay its own liabilities only out of its own funds and assets (provided that there exists sufficient cash flow from the operation of its business activities to enable it to do so and, provided further, that no Person shall be required to make any direct or indirect additional capital contributions or loans to Jefferson Railport) and not incur any indebtedness for borrowed money or capital leases except to finance or refinance the development, maintenance and operation of its assets and business activities conducted with respect to the property subject to the Ground Lease;

(h) other than as provided in the Related Documents, maintain an arm's length relationship with its Affiliates and, except for capital contributions and capital distributions permitted under the terms and conditions of its organizational documents and properly reflected in its books and records, not enter into any transaction, contract or agreement with any general partner, member, shareholder, principal or Affiliate, except upon terms and conditions taken as a whole that are commercially reasonable and substantially similar to those that would be available on an arm's-length basis with unaffiliated third parties, in each case, as reasonably determined by Jefferson Railport in good faith;

(i) not at any time guaranty, grant a security interest to secure, or hold out its credit or assets as being available to satisfy the obligations of any other Person, other than pursuant to this Agreement and the other Related Documents, or acquire any obligations or securities of Jefferson Holdings or any Affiliate;

(j) to the fullest extent permitted by law, not seek or effect, or permit any constituent party to seek or effect, the liquidation, dissolution, winding up, liquidation, consolidation or merger, in whole or in part, of Jefferson Railport into another entity or transfer all or substantially all of its assets, except as permitted by Section 6.02 hereof; and

(k) not engage in any business or operations other than the development, maintenance and operation of its assets and business activities conducted with respect to the property subject to the Ground Lease and activities incidental thereto.

Section 6.05. *Jefferson Railport Deed of Trust.* The Purchasers shall not hypothecate, pledge or grant a security interest in the property subject to the Jefferson Railport Deed of Trust except as permitted therein.

Section 6.06. *Reserve Fund.* Jefferson Holdings shall promptly deposit in the Reserve Fund (as defined in the Indenture) pledged to and held by the Trustee in favor of the Bondholders, all cash received by Jefferson Holdings pursuant to Section 21(a) (ii) or Section 21(d) of the Capital Call Agreement, which cash shall be applied by the Trustee in accordance with the applicable provisions of the Indenture.

ARTICLE VII

MISCELLANEOUS

Section 7.01. *Obligations Absolute.* The obligations of the Purchasers under this Agreement shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including but not limited to the following:

(a) to the extent permitted by applicable law, any lack of validity or enforceability of this Agreement or any other Related Document or any other agreement or instrument delivered in connection herewith or therewith;

(b) any amendment to, waiver of, consent to or departure from the terms of any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right that a Purchaser may have at any time against the Trustee, the District or any other Person, whether in connection with this Agreement, the other Related Documents or otherwise;

(d) any statement or any other document presented under this Agreement or any of the other Related Documents proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or

(e) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

Section 7.02. Notices. Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto or referred to herein shall be deemed to have been given (a) when delivered by hand, or (b) when sent electronically as a scanned pdf attached to an e-mail with electronic confirmation of delivery, addressed to them as follows or at such other address as any of the parties hereto may designate by Written notice to the other parties hereto:

District: District of Beaumont Navigation District
1225 Main Street
Beaumont, TX 77704
Tel: (409) 835-5367 ext. 222
E-mail: dcf@portofbeaumont.com

with a copy to:

Guy N. Goodson
Germer PLLC
P.O. Box 4915
Beaumont, TX 77704-4915
Tel: (409) 654-6700 ext. 730
E-mail: ggoodson@germer.com

Trustee: The Bank of New York Mellon Trust Company, National Association
601 Travis Street, Floor 16
Houston, TX 77002
Tel: (713) 483-6521
E-mail: Germaine.Morgan@bnymellon.com

Purchasers: Jefferson Railport Terminal II LLC
9595 Six Pines Drive, Suite 6370
The Woodlands, TX 77380
Tel: (281) 677-4900 ext. 210
E-mail: _____

Jefferson Railport Terminal II Holdings LLC
1345 Avenue of the Americas
New York, NY 10105
Tel: (212) 798-6110
E-mail: _____

Notwithstanding the foregoing, any Purchase Notice given hereunder shall be effective only when given in the manner provided in Section 2.02(a).

Section 7.03. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Trustee, the District and the Purchasers, and their respective successors, endorsees and assigns, except that neither the District nor a Purchaser may assign or transfer its rights or obligations hereunder without the prior written consent of the other and the Trustee, provided that

prior written consent shall not be required for any assignment or transfer permitted pursuant to Section 6.02.

Section 7.04. *Governing Law; Forum Selection; Consent to Jurisdiction.* This Agreement and any dispute arising in connection therewith will be governed by and construed under the law of the State of Texas. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS AND OF ANY TEXAS STATE COURT AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH TEXAS STATE COURT OR, TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH PARTY HERETO HEREBY AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY APPLICABLE LAW.

Section 7.05. *Service of Process.* Each of the District, the Purchasers and the Trustee also irrevocably consents to the service of any and all process in any action or proceeding described in the foregoing Section by the mailing of copies of such process to the respective address set forth for such party in Section 7.02. Each of the District, the Purchasers and the Trustee agree that a final judgment in any suit, action or proceeding shall be conclusive and may be enforced in appropriate jurisdictions by suit on the judgment or in any other manner provided by law.

Section 7.06. *Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. Delivery of a signature page by facsimile shall be as effective as delivery of an original thereof.

Section 7.07. *Use of Funds.* The Purchasers agree that all funds advanced by a Purchaser hereunder will be paid from funds of such Purchaser not derived from a tax-exempt borrowing and not directly or indirectly from funds or collateral on deposit with or for the account of, or pledged with or for the account of, the District.

Section 7.08. *Trustee's Rights.* The District and the Purchasers agree that the rights and protections provided to the Trustee in the Related Documents (including Article VIII of the Indenture) shall apply to the Trustee when acting as such under this Agreement.

Section 7.09. *Amendments and Waivers; Termination.* No amendment or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the parties hereto. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. This Agreement shall terminate on the earliest of (i) the repurchase with proceeds of a Remarketing, a redemption or a defeasance of all, but not less than

all, Series 2016 Bonds, (ii) the date that there are no Series 2016 Bonds Outstanding (as defined in the Indenture) and (iii) the third Business Day after February 13, 2020 (provided no default by the Purchasers has occurred and is continuing hereunder). To the fullest extent permitted by law, this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (or part thereof) made or caused to be made by any of the Purchasers pursuant to this Agreement, is rescinded or must otherwise be disgorged, restored or returned by any beneficiary of this Agreement, including any owner of Series 2016 Bonds, upon the insolvency, bankruptcy or reorganization of any Person or otherwise, all as though such payment had not been made.

Section 7.10. Severability. Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 7.11. Headings. Section headings in this Agreement are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Agreement.

Section 7.12. Complete and Controlling Agreement. This Agreement and the other Related Documents completely set forth the agreements among the Purchasers, the Trustee and the District and fully supersede all prior agreements, both written and oral, relating to all matters set forth herein and in the other Related Documents. The terms and provisions of this Agreement may be amended or superseded only as provided in Section 7.09, and no oral agreements, practices, standards or other extrinsic communications or facts shall have any bearing on the interpretation or enforcement of this Agreement or the other Related Documents except as otherwise expressly agreed to in writing by the Purchasers and the District.

Section 7.13. Waiver Of Jury Trial. EACH OF THE DISTRICT, THE PURCHASERS AND THE TRUSTEE HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT. EACH OF THE DISTRICT, THE PURCHASERS AND THE TRUSTEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (WHETHER AS CLAIM, COUNTER-CLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE) BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE DISTRICT, THE PURCHASERS AND THE TRUSTEE. EACH OF THE DISTRICT, THE PURCHASERS AND THE TRUSTEE ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND RECOGNIZES AND AGREES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR OTHER PARTIES HERETO TO ENTER INTO THIS AGREEMENT. EACH OF THE DISTRICT, THE PURCHASERS AND THE TRUSTEE REPRESENTS AND ACKNOWLEDGES THAT IT HAS REVIEWED THIS

PROVISION WITH ITS LEGAL COUNSEL AND THAT IT HAS KNOWINGLY AND VOLUNTARILY WAIVED ANY JURY TRIAL RIGHTS IT MAY HAVE FOLLOWING CONSULTATION WITH SUCH LEGAL COUNSEL.

Section 7.14. Indemnification. JEFFERSON HOLDINGS AND JEFFERSON RAILPORT RELEASE THE DISTRICT, THE TRUSTEE AND THEIR RESPECTIVE OFFICERS, MEMBERS, DIRECTORS, COMMISSIONERS AND EMPLOYEES (COLLECTIVELY, THE “**INDEMNIFIED PARTIES**”) FROM, AND THE INDEMNIFIED PARTIES SHALL NOT BE LIABLE FOR, AND JEFFERSON HOLDINGS AND JEFFERSON RAILPORT SHALL PROTECT, INDEMNIFY, DEFEND, AND HOLD THE INDEMNIFIED PARTIES HARMLESS FROM, ANY AND ALL DOCUMENTED OUT-OF-POCKET LOSSES, COSTS, DAMAGES, EXPENSES AND LIABILITIES OF WHATSOEVER NATURE (INCLUDING, BUT NOT LIMITED TO, ATTORNEYS’ FEES, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT, AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) DIRECTLY OR INDIRECTLY RESULTING FROM OR ARISING OUT OF OR RELATED TO (A) THE ISSUANCE, OFFERING, SALE, DELIVERY, OR PAYMENT OF THE SERIES 2016 BONDS OR THE INTEREST THEREON, THE INDENTURE, THIS AGREEMENT, AND ANY OTHER DOCUMENTS ENTERED INTO IN CONNECTION THEREWITH AND THE OBLIGATIONS IMPOSED ON THE DISTRICT OR THE TRUSTEE HEREBY AND THEREBY; (B) ANY WRITTEN STATEMENTS OR REPRESENTATIONS MADE OR GIVEN BY JEFFERSON HOLDINGS OR JEFFERSON RAILPORT, OR ANY OF THEIR OFFICERS OR EMPLOYEES, TO THE INDEMNIFIED PARTIES, OR ANY UNDERWRITERS OR PURCHASERS OF ANY OF THE SERIES 2016 BONDS, WITH RESPECT TO JEFFERSON HOLDINGS OR JEFFERSON RAILPORT, INCLUDING, BUT NOT LIMITED TO, STATEMENTS OR REPRESENTATIONS OF FACTS, FINANCIAL INFORMATION OR JEFFERSON HOLDINGS’ OR JEFFERSON RAILPORT’S AFFAIRS; AND (C) ANY LOSS OR DAMAGE INCURRED BY THE INDEMNIFIED PARTIES AS A RESULT OF A VIOLATION BY JEFFERSON HOLDINGS OR JEFFERSON RAILPORT OF ANY OF THE PROVISIONS OF THIS AGREEMENT; PROVIDED, HOWEVER, THAT NOTHING IN THIS SECTION 7.14 OR ELSEWHERE SHALL RELIEVE AN INDEMNIFIED PARTY FROM LIABILITY FOR, OR PROVIDE AN INDEMNIFIED PARTY WITH INDEMNITY FOR, WILLFUL MISCONDUCT OR NEGLIGENCE OF SUCH INDEMNIFIED PARTY OR ITS OFFICERS, MEMBERS, DIRECTORS, COMMISSIONERS OR EMPLOYEES.

Section 7.15. No Recourse Against Others. No recourse under or upon any obligation, covenant or agreement contained in this Agreement, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, or against any past, present or future director, member, officer or employee, as such, of any Purchaser or of any successor thereof, either directly or through such Purchaser, whether by virtue of any constitution or statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, directors, members, officers or employees, as such, of any Purchaser or any successor thereof, or any of them, under or by reason of the obligations, covenants or agreements contained in this Agreement; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, director, member, officer

or employee, as such, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Agreement.

Section 7.16. *Specific Performance.* Each party hereto, in addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. Each party hereto hereby agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS

By /s/ David C. Fisher

Name: David C. Fisher

Title: Port Director, CEO

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION

By /s/ Patricia A. Barbarino

Name: Patricia A. Barbarino

Title: Authorized Signatory

JEFFERSON RAILPORT TERMINAL II LLC

By /s/ Demetrios Tserpelis

Name: Demetrios Tserpelis

Title: Authorized Officer

JEFFERSON RAILPORT TERMINAL II HOLDINGS LLC

By /s/ Demetrios Tserpelis

Name: Demetrios Tserpelis

Title: Authorized Officer

*Signature Page to
Standby Bond Purchase Agreement*

**EXHIBIT A
PURCHASE NOTICE**

The undersigned, a duly authorized officer of **THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION** (the "**Trustee**"), hereby certifies to **JEFFERSON RAILPORT TERMINAL II LLC** and **JEFFERSON RAILPORT TERMINAL II HOLDINGS LLC** (together, the "**Purchasers**") in accordance with the Standby Bond Purchase Agreement, dated as of February 1, 2016 (the "**Standby Bond Purchase Agreement**"), by and between the Port of Beaumont Navigation District of Jefferson County, Texas (the "**District**"), the Trustee and the Purchasers, relating to the Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds, Series 2016 (the "**Series 2016 Bonds**") (all capitalized terms herein having the meanings ascribed thereto in the Standby Bond Purchase Agreement), that:

1. Series 2016 Bonds have been tendered or deemed tendered for purchase on the First Initial Bonds Remarketing Date pursuant to Section 2.17 of the Indenture.
2. The Remarketing Agent has notified the Trustee that insufficient moneys are available for such purchase pursuant to Section 2.17(d)(i) of the Indenture, and that the amount of such insufficiency is \$_____.
3. The Trustee hereby requests the payment of the Purchase Price in the amount of \$_____, which represents (i) the Purchase Price of all outstanding Series 2016 Bonds tendered or deemed tendered for purchase on or before the date hereof, less (ii) the proceeds deposited in the Remarketing Account (as such term is defined in the Indenture) from a Remarketing in accordance with the Indenture, less (iii) any monies deposited in the Reserve Fund (as such term is defined in the Indenture) and transferred into the Initial Bonds Standby Bond Purchase Account (as such term is defined in the Indenture) pursuant to Section 2.17(d)(i) of the Indenture.
4. The funds requested hereunder shall be transferred to the Trustee as follows:

[PLEASE PROVIDE]

IN WITNESS WHEREOF, the Trustee has executed and delivered this Purchase Notice as of the _____ day of _____, _____.

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By _____
Name: _____
Title: _____

Exhibit 10.9

CAPITAL CALL AGREEMENT

THIS CAPITAL CALL AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this “Agreement”), is entered into as of February 1, 2016, by and among Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company (together with its successors and assigns, “FTAI”), its subsidiaries party hereto and Jefferson Railport Terminal II Holdings LLC, a Delaware limited liability company (together with its successors and assigns, “Jefferson Holdings”).

WITNESSETH

WHEREAS, Jefferson Holdings is party to a Standby Bond Purchase Agreement (as amended, restated, supplemented or otherwise modified from time to time, the “Standby Purchase Agreement”), dated as of the date hereof, among the Port of Beaumont Navigation District of Jefferson County, Texas (the “District”), The Bank of New York Mellon Trust Company, National Association as trustee under the Indenture referred to below (the “Trustee”), Jefferson Holdings and Jefferson Railport Terminal II LLC (“Jefferson Railport”); and

WHEREAS, Jefferson Holdings is a subsidiary of FTAI; and

WHEREAS, FTAI has agreed to make, directly or indirectly through its subsidiaries party hereto, certain capital contributions to Jefferson Holdings from time to time pursuant to the terms hereunder; and

WHEREAS, it is a condition precedent to the effectiveness of the Standby Purchase Agreement and the Related Documents that the parties hereto enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, hereby intending to be legally bound, agree as follows:

Section 1. Definitions. As used herein, the following terms shall have the following meanings:

“Available Commitment” has the meaning assigned to such term in the Standby Purchase Agreement as in effect on the date hereof.

“Aviation Assets” means the assets constituting “Total assets” in FTAI’s Aviation Leasing segment (or a successor segment), as reflected in FTAI’s quarterly and annual reports filed with the Securities and Exchange Commission (or the equivalent thereof as reported by any successor to or assign of FTAI in accordance with Section 9).

“Bankruptcy Code” has the meaning assigned to such term in the Indenture.

“Bonds” has the meaning assigned to “Series 2016 Bonds” in the Standby Purchase Agreement.

“Business Day” has the meaning assigned to such term in the Indenture.

“Capital Call Investment” means a cash investment by FTAI pursuant to this Agreement, directly or indirectly through its subsidiaries party hereto, in Jefferson Holdings in respect of the equity of Jefferson Holdings. For the avoidance of doubt, any direct or indirect cash investment in the equity of Jefferson Holdings by one or more Contributors or their affiliates hereunder shall be considered a “Capital Call Investment” received by Jefferson Holdings.

“Capital Call Notice” means a notice by Jefferson Holdings to FTAI in the form of Exhibit A hereto.

“Contributor” means FTAI and each of its subsidiaries party hereto other than Jefferson Holdings.

“First Initial Bonds Remarketing Date” has the meaning assigned to such term in the Indenture as in effect on the date hereof.

“Jefferson Holdings Obligations” has the meaning assigned to such term in the Standby Purchase Agreement as in effect on the date hereof.

“Indenture” has the meaning assigned to such term in the Standby Purchase Agreement.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental unit or other entity.

“Purchase Price” has the meaning assigned to such term in the Standby Purchase Agreement.

“Related Documents” has the meaning assigned to such term in the Standby Purchase Agreement.

“Required Investment Amount” means, with respect to each Capital Call Notice, an amount equal to the aggregate Capital Call Investments required pursuant to such Capital Call Notice.

“Reserve Fund” has the meaning assigned to such term in the Indenture.

Section 2. Required Investments in Jefferson Holdings.

(a) Each Contributor agrees to make Capital Call Investments from time to time in accordance with this Agreement; provided, that the aggregate Capital Call Investments required to be made by the Contributors as of any day shall not exceed, (i) in the case of a contribution to assist Jefferson Holdings in paying the purchase of the Bonds pursuant to Section 2.02 of the Standby Purchase Agreement, the Available Commitment or (ii) in the case of a contribution to assist Jefferson Holdings in paying the Jefferson Holdings Obligations pursuant to Section 2.04 of the Standby Purchase Agreement the amount of such Jefferson Holdings Obligations then due, in either case as of such day, and provided further, that no Capital Call Investment shall be made except (i) when due hereunder following the delivery of a Capital Call Notice from Jefferson Holdings or (ii) irrespective of whether a Capital Call Notice is delivered, to the extent such Capital Call Investment is deposited by FTAI into the Reserve Fund for the credit of Jefferson Holdings in order to comply with Section 21 or otherwise, it being understood and agreed that there are no other conditions (implied or otherwise) to the commitments hereunder, including compliance with the terms of this Agreement.

(b) Jefferson Holdings may issue a Capital Call Notice to FTAI from time to time.

(c) Subject to paragraph (d) below, upon the receipt by FTAI of a Capital Call Notice, each Contributor hereby agrees that it shall promptly, but in no event later than the time and date Jefferson Holdings is required to transfer funds to the Trustee for the purchase of the Bonds pursuant to Section 2.02 of the Standby Purchase Agreement or to transfer funds to the Trustee to provide for the payment of Jefferson Holdings Obligations as provided in Section 2.04 of the Standby Purchase Agreement, make, directly or indirectly, a Capital Call Investment in Jefferson Holdings in an amount equal to the Required Investment Amount with respect to such Capital Call Notice. The commitment of each Contributor other than FTAI hereunder is limited to the proceeds of Capital Call Investments received by such Contributor from FTAI, directly or indirectly, for the purpose of making such Capital Call Investments in Jefferson Holdings.

(d) Notwithstanding the foregoing paragraph (c), a Contributor shall not be required to make the Capital Call Investment described in paragraph (c) pursuant to a Capital Call Notice (and shall not be considered in default of this Agreement) to the extent Jefferson Holdings has received the aggregate Capital Call Investments required pursuant to such Capital Call Notice on account of, or at the direction of, one or more other Contributors.

(e) In the event a Contributor other than FTAI fails to make a Capital Call Investment hereunder for any reason, FTAI shall be obligated to fund such Capital Call Investment promptly, but in no event later than the time and date Jefferson Holdings is required to transfer funds to the Trustee for the purchase of the Bonds or payment of the Jefferson Holdings Obligations pursuant to Section 2.02 or Section 2.04 of the Standby Purchase Agreement.

Section 3. Payments. All payments required to be made pursuant to this Agreement shall be made in U.S. dollars and in immediately available funds, without deduction of any kind whatsoever.

Section 4. Representations and Warranties. Each Contributor hereby represents and warrants that:

(a) Organization; Power; Qualification. Such Contributor is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or registration, and has full power and authority to carry on its business as now conducted.

(b) Authorization. Such Contributor has the power and authority to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby and has by proper action duly authorized the execution, delivery and performance of this Agreement.

(c) Enforceable Obligations. This Agreement has been duly executed and delivered by such Contributor and constitutes the legal, valid and binding obligation of such Contributor, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by equitable principles relating to enforceability.

(d) No Conflicts or Consents. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated herein, nor the performance of and compliance with the terms and provisions hereof will (i) violate or conflict with, or require a consent under, any provision of such Contributor's organizational documents, (ii) violate any requirement of law, or any order, writ, judgment, injunction, decree or permit, applicable to such Contributor, (iii) violate

or conflict with, or cause an event of default under, or require a consent under, any material contractual obligation to which such Contributor is a party or by which it is bound or (iv) result in or require the creation of any Lien upon or with respect to any of the assets of such Contributor.

(e) Consents. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or governmental authority is required in connection with the execution, delivery or performance of this Agreement by such Contributor.

Section 5. Acknowledgement. Each Contributor acknowledges that, on the date hereof, Jefferson Holdings will pledge and assign to the Trustee, as collateral security for the obligations of Jefferson Holdings under the Standby Purchase Agreement, all of the right and title of Jefferson Holdings to, and interest of Jefferson Holdings in, this Agreement and the funds paid and to be paid by the Contributors to Jefferson Holdings hereunder. Each Contributor hereby consents to such pledge described above. Each Contributor acknowledges and agrees that Jefferson Holdings may agree with the Trustee and/or the District that it will not enter into any amendment, restatement, supplement or other modification of this Agreement without the prior written consent of the Trustee and/or the District.

Section 6. Waivers of Failures; Delays; Etc. No failure or delay on the part of any Contributor or Jefferson Holdings in exercising any right, power or privilege hereunder and no course of dealing among the Contributors and Jefferson Holdings shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies which Jefferson Holdings or any Contributor would otherwise have. No notice to or demand on any Contributor in any case shall entitle such Contributor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of Jefferson Holdings or any Contributor to any other or further action in any circumstances without notice or demand.

Section 7. Waiver of Defenses Under Sections 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Code. Although the parties hereto intend and believe that this Agreement is not an executory contract, in as much as the Contributors are the only Persons with contractual obligations hereunder, in the event that such characterization is not upheld in the event of any insolvency proceeding in respect of Jefferson Holdings, each Contributor hereby waives, to the fullest extent it may do so under applicable law, any protection to which it may be entitled under Sections 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Code or any successor provision with respect thereto in the event that Jefferson Holdings becomes a debtor under a proceeding under the Bankruptcy Code (a "Bankruptcy Event"). Specifically, in the event that the trustee in any Bankruptcy Event with respect to Jefferson Holdings or the debtor-in-possession with respect thereto takes any action (including the institution of any action, suit or other proceeding for the purpose of enforcing the rights of Jefferson Holdings hereunder), no Contributor shall assert any defense, claim or counterclaim denying liability hereunder on the basis that this Agreement is an executory contract or a "financial accommodation" that cannot be assumed, assigned or enforced or on any other theory directly or indirectly based on Sections 365(c)(1), 365(c)(2) or 365(e)(2) of the Bankruptcy Code or any successor provision with respect thereto. If a Bankruptcy Event with respect to Jefferson Holdings shall occur, each Contributor agrees, after the occurrence of such Bankruptcy Event, to reconfirm in writing, to the extent permitted by applicable law, its prepetition waiver of any protection to which it may be entitled under Section 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Code or any successor provision with respect thereto, and, to give effect to such waiver, each Contributor consents, to the extent

permitted by applicable law, to the assumption and enforcement of each provision of this Agreement by the debtor-in-possession or the trustee of Jefferson Holdings in bankruptcy, as the case may be.

Section 8. Obligations Absolute. The obligations of the Contributors under this Agreement shall be absolute, unconditional and irrevocable and shall be paid or performed strictly in accordance with the terms of this Agreement under all circumstances whatsoever, including but not limited to the following: to the extent permitted by applicable law, any lack of validity or enforceability against any Person of this Agreement or any other Related Document or any other agreement or instrument delivered in connection herewith or therewith, or any rejection of this Agreement or any other Related Document by any party hereto or thereto;

(b) any amendment to, waiver of, consent to or departure from the terms of any of the Related Documents;

(c) the existence of any claim, set-off, defense or other right that a Purchaser may have at any time against the Trustee, the District or any other Person, whether in connection with this Agreement, the other Related Documents or otherwise;

(d) any statement or any other document presented under this Agreement or any of the other Related Documents proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever; or

(e) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing.

Section 9. Benefit of Agreement. This Agreement shall be binding upon the Contributors and Jefferson Holdings and each of their respective successors and assigns and shall inure to the benefit of the Contributors and Jefferson Holdings and each of their respective successors and assigns. Other than as contemplated by Section 5 hereof, no party hereto may assign any of its respective rights or obligations hereunder without the consent of each other party hereto; provided, that the rights and obligations of Jefferson Holdings or any Contributor may be assigned to a Person that is the surviving, resulting or transferee entity in connection with a merger or consolidation of Jefferson Holdings or such Contributor with such other Person or the sale or disposal of all or substantially all of the assets of Jefferson Holdings or such Contributor to such other Person, so long as (a) such surviving, resulting or transferee entity (i) expressly and unconditionally assumes, in a written instrument, the punctual performance and observance of all of the obligations and conditions of this Agreement to be performed by Jefferson Holdings or such Contributor, (ii) has a net worth at least equal to the net worth of Jefferson Holdings or such Contributor immediately preceding such merger or consolidation, or sale or disposition, with net worth being determined in accordance with generally accepted accounting principles, and (iii) with respect to FTAI only, is either subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”) or has executed a Continuing Disclosure Agreement in a form which would satisfy the requirements of Rule 15c2-12 promulgated by the SEC (without regard to an exemption therefrom) if it had been an obligated person for which financial information or operating data of the general type required to be included in FTAI’s annual report filed with the SEC had been disclosed in an official statement in an offering of the Bonds and (b) such assignment does not have an adverse effect on any rating assigned to the Bonds. Notwithstanding the foregoing clauses (a)(i) and (ii), Jefferson Holdings and any Contributor may merge with, and Jefferson

Holdings and any Contributor other than FTAI may consolidate with or sell or dispose of all or substantially all of its assets to, Jefferson Holdings or any other Contributor.

Section 10. Amendments; Waivers. Neither this Agreement nor any provision hereof may be changed, modified, amended or waived except with the written consent of each Contributor and Jefferson Holdings and so long as such change, modification, amendment or waiver would not cause a default under the Standby Purchase Agreement.

Section 11. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail as follows:

If to any Contributor, to: c/o Fortress Transportation and Infrastructure Investors LLC
1345 Avenue of the Americas
New York, NY 10105
Attn.: Randy Nardone
Facsimile: 212-768-6120
E-mail: _____

If to Jefferson Holdings, to: Jefferson Railport Terminal II Holdings LLC
1345 Avenue of the Americas
New York, NY 10105
Attn.: Randy Nardone
Facsimile: 212-768-6120
E-mail: _____

with a copy to:

Fortress Transportation and Infrastructure Investors LLC
1345 Avenue of the Americas
New York, NY 10105
Attn.: Randy Nardone
Facsimile: 212-768-6120
E-mail: _____

In each case, with a copy to: District of Beaumont Navigation District
1225 Main Street
Beaumont, TX 77704
Facsimile: 409-835-0512
E-mail: dcf@portofbeaumont.com

with a copy to:

Guy N. Goodson
Germer PLLC
P.O. Box 4915
Beaumont, TX 77704-4915
Facsimile: 409-835-2115

E-mail: ggoodson@germer.com

and:

The Bank of New York Mellon Trust Company, National Association
601 Travis Street, Floor 16
Houston, TX 77002
Facsimile: 713-483-6979
E-mail: Germaine.Morgan@bnymellon.com

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile or electronic mail shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Any party hereto may change its address, facsimile number or electronic mail address for notices and other communications hereunder by notice to the other parties hereto.

Section 12. Termination of Agreement.

(a) Subject to clause (b) below, this Agreement shall terminate and be of no further force and effect upon the date (the "Termination Date") that is the earlier of (i) the first date on which the aggregate Capital Call Investments received by Jefferson Holdings hereunder shall equal or exceed the greater of (A) the Available Commitment or (B) the Jefferson Holdings Obligations, (ii) the termination of the Standby Purchase Agreement in accordance with its terms and (iii) the third Business Day after February 13, 2020; provided, however, that the Termination Date shall not have occurred if one or more Capital Call Notices have been issued, the Contributors have not made Capital Call Investments in an aggregate amount greater than or equal to the Required Investment Amount with respect thereto and the aggregate Capital Call Investments received by Jefferson Holdings hereunder are less than the greater of (A) the Available Commitment or (B) the Jefferson Holdings Obligations, or if the Trustee shall have taken action to enforce its rights under the collateral assignment referred to in Section 5 hereof.

(b) To the fullest extent permitted by law, this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (or part thereof) made or caused to be made by any Contributor pursuant to this Agreement, is rescinded or must otherwise be disgorged, restored or returned by any beneficiary of this Agreement or by the Trustee or any owner of Series 2016 Bonds upon the insolvency, bankruptcy or reorganization of any Person or otherwise, all as though such payment had not been made.

Section 13. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement and any number of separate counterparts, each of which when so executed, shall be deemed an original and all said counterparts when taken together shall be deemed to constitute but one and the same instrument.

Section 14. Further Assurance. Each Contributor hereby agrees from time to time, as and when requested by Jefferson Holdings, to execute and deliver or cause to be executed and delivered, all such documents, instruments and agreements and to take or cause to be taken such further or other action

as Jefferson Holdings may reasonably deem necessary or desirable in order to carry out the intent and purposes of this Agreement.

Section 15. Governing Law. THIS AGREEMENT AND ANY DISPUTE ARISING IN CONNECTION THEREWITH WILL BE GOVERNED BY AND CONSTRUED UNDER THE LAW OF THE STATE OF TEXAS.

Section 16. Forum Selection; Consent to Jurisdiction. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS AND OF ANY TEXAS STATE COURT AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH TEXAS STATE COURT OR, TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH PARTY HERETO HEREBY AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY APPLICABLE LAW.

Section 17. Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Section 18. Service of Process. Each Contributor hereby irrevocably designates and appoints FTAI (the "Service of Process Agent"), as its authorized agent to accept and acknowledge on its behalf, service of any and all process which may be served in any suit, action or proceeding of the nature referred to in Section 15 and hereby consents to process being served upon the Service of Process Agent in any such suit, action or proceeding. Such service shall be deemed completed on delivery to such Service of Process Agent. If for any reason such process agent ceases to be able to act as such, the Contributors agree to promptly appoint a substitute process agent acceptable to Jefferson Holdings and the Trustee, as its collateral assignee. Each Contributor and Jefferson Holdings agree that a final judgment in any suit, action or proceeding shall be conclusive and may be enforced in appropriate jurisdictions by suit on the judgment or in any other manner provided by law.

Section 19. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 20. Headings. The various headings of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

Section 21. Financial Covenants. For so long as Jefferson Holdings may be obligated to purchase any Bonds or pay any Jefferson Holdings Obligation under the Standby Purchase Agreement, FTAI hereby covenants and agrees as follows:

(a) FTAI will maintain on a consolidated basis “Total equity,” as reflected in FTAI’s quarterly and annual reports filed with the Securities and Exchange Commission (or the equivalent thereof as reported by any successor to or assign of FTAI in accordance with Section 9), that is not less than two times the aggregate principal of and interest payable on or before the First Initial Bonds Remarketing Date on the Bonds; provided that FTAI may satisfy any deficiency between such “Total equity” and the amount that is two times the aggregate principal of and interest payable on or before the First Initial Bonds Remarketing Date on the Bonds by either (i) granting a security interest in favor of the Trustee, for the benefit of holders of the Bonds, in Aviation Assets with an aggregate book value (as reflected in FTAI’s quarterly and annual reports filed with the Securities and Exchange Commission) greater than or equal to such deficiency, which security interest FTAI shall maintain as a perfected security interest at all times after the granting thereof until such deficiency is eliminated or addressed pursuant to the following clause (ii) or (ii) contributing to Jefferson Holdings an amount in cash equal to such deficiency, to be held in the Reserve Fund pledged to and held by the Trustee for the benefit of the holders of the Bonds.

(b) FTAI will maintain on a consolidated basis an aggregate book value of Aviation Assets that is no less than (i) the aggregate principal of and interest payable on or before the First Initial Bonds Remarketing Date on the Bonds less (ii) any cash held in the Reserve Fund on the date of determination.

(c) FTAI will not, and will cause its subsidiaries that hold any Aviation Assets (collectively, the “Aviation Subsidiaries”) not to, create, incur, assume or otherwise cause to become effective (collectively, “incur”) any liens, security interests, encumbrances or pledges (“Liens”) securing indebtedness for borrowed money or capital leases, on any asset of the Aviation Subsidiaries, other than:

(i) Liens securing indebtedness incurred by FTAI, Jefferson Holdings, Jefferson Railport, any Aviation Subsidiary or any of their affiliates in order to satisfy (a) the obligations of Jefferson Holdings and Jefferson Railport pursuant to the Standby Purchase Agreement, or (b) the obligations of FTAI and certain of its subsidiaries pursuant to this Agreement, including liens granted in favor of the Trustee, for the benefit of the holders of the Bonds, pursuant to clause (a)(i) above; or

(ii) Liens on assets (including shares of capital stock) existing at the time of the acquisition thereof and Liens incurred in connection with the refinancing or replacement of any indebtedness secured thereby, provided that such Liens are not incurred in contemplation of such acquisition and do not extend to any other assets of the Aviation Subsidiaries.

(d) In the event that FTAI and its Aviation Subsidiaries are not in compliance with clauses (a), (b) or (c) of this Section 21, and such noncompliance continues for two consecutive quarter-end dates as reflected in FTAI’s quarterly and annual reports filed with the Securities and Exchange Commission (or, with respect to clause (c) above, such noncompliance continues for a period of not less than 90 days), FTAI will contribute to Jefferson Holdings an amount in cash equal to (i) the then-applicable Available Commitment, which the Standby Purchase Agreement and the Indenture require to be held in the Reserve Fund pledged to and held by the Trustee for the benefit of holders of

the Bonds, less (ii) any cash held in the Reserve Fund on the date of determination (prior to any required contribution made pursuant to clause (i) above). Upon the making of the cash contribution and subsequent deposit in the Reserve Fund pursuant to the previous sentence, FTAI and its Aviation Subsidiaries shall be deemed to be in compliance with the requirements of this Section 21 notwithstanding any noncompliance with clauses (a), (b) or (c) hereof.

Section 22. Specific Performance. Each party hereto, in addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. Each party hereto hereby agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered as of the date first above written.

**FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS
LLC**

By: /s/ Joseph P. Adams, Jr.
Name: Joseph P. Adams, Jr.
Title: Chief Executive Officer

FTAI ENERGY HOLDINGS LLC

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Officer

FTAI MIDSTREAM GP HOLDINGS LLC

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Officer

FTAI MIDSTREAM GP LLC

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Officer

Signature Page to Capital Call Agreement

FTAI MIDSTREAM HOLDINGS LLC

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Officer

FTAI PARTNER HOLDINGS LLC

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Officer

FTAI ENERGY PARTNERS LLC

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Officer

JEFFERSON RAILPORT TERMINAL II HOLDINGS LLC

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Officer

Exhibit A

Form of Capital Call Notice

Fortress Transportation and Infrastructure Investors LLC
[ADD OTHER CONTRIBUTORS]
c/o Fortress Transportation and Infrastructure Investors LLC
1345 Avenue of the Americas
New York, NY 10105
Attn.: Randy Nardone
Facsimile: 212-768-6120
E-mail: _____

Re: Capital Call Agreement

Ladies and Gentlemen:

Reference is made to that certain Capital Call Agreement, dated as of February 1, 2016 (the "Capital Call Agreement"), by and among Fortress Transportation and Infrastructure Investors LLC, a Delaware limited partnership ("FTAI"), its subsidiaries party thereto and Jefferson Railport Terminal II Holdings LLC, a Delaware limited liability company ("Jefferson Holdings"). Unless defined herein, capitalized terms used herein shall have the meanings provided therefor in the Capital Call Agreement.

This letter shall constitute a Capital Call Notice. The undersigned is exercising its rights under the Capital Call Agreement to require the Contributors to make aggregate Capital Call Investments in the amount of \$[_____] to assist Jefferson Holdings perform its obligation to pay the Purchase Price of Bonds and in the amount of \$[_____] to assist Jefferson Holdings to perform its obligation to pay Jefferson Holdings Obligations, totaling \$[_____], and directs the Contributors to deposit the proceeds of such Capital Call Investments in immediately available funds into the following deposit account:

Bank Name: _____
ABA Number: _____
Account Number: _____
Account Name: _____
Reference: _____

Pursuant to the Capital Call Agreement, such Capital Call Investments must be made by the Contributors promptly after receipt of this notice, but in no event later than the time and date Jefferson Holdings is required to transfer funds to the Trustee for the purchase of the Bonds pursuant to Section 2.02 of the Standby Purchase Agreement or to make a payment of Jefferson Holdings Obligations as provided in Section 2.04 of the Standby Purchase Agreement.

Very truly yours,

[Insert name of signatory]¹

By _____

Name:

Title:

¹ Insert Jefferson Railport Terminal II Holdings LLC or its successors or its assigns, as applicable.

Exhibit 10.10

FEE AND SUPPORT AGREEMENT

THIS FEE AND SUPPORT AGREEMENT (as amended, restated, supplemented or otherwise modified from time to time, this "Agreement"), is entered into as of March 7, 2016, by and among FTAI Energy Partners LLC, a Delaware limited liability company ("FTAI Energy"), Jefferson Railport Terminal II, LLC, a Delaware limited liability company ("Jefferson Railport"), FTAI Energy Holdings LLC, a Delaware limited liability company ("Blocker") and FEP Terminal Holdings LLC, a Delaware Limited Liability Company ("FEP").

WITNESSETH

WHEREAS, Jefferson Railport Terminal II Holdings LLC, a Delaware limited liability company and wholly-owned subsidiary of FTAI Energy ("Jefferson Holdings"), and Jefferson Railport are each parties to a Standby Bond Purchase Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Standby Purchase Agreement"), dated as of the date hereof, among the Port of Beaumont Navigation District of Jefferson County, Texas (the "District"), The Bank of New York Mellon Trust Company, National Association as trustee under the Indenture referred to below (the "Trustee"), Jefferson Holdings and Jefferson Railport; and

WHEREAS, Fortress Transportation and Infrastructure Investors LLC, a Delaware limited liability company ("FTAI") is a party to a Capital Call Agreement (as amended, restated, supplemented or otherwise modified from time to time, the "Capital Call Agreement"), dated as of the date hereof, among FTAI, its subsidiaries party thereto and Jefferson Holdings; and

WHEREAS, Jefferson Holdings and Jefferson Railport have agreed, in connection with the offer and sale by the Port of Beaumont Navigation District of Jefferson County, Texas, a political subdivision of the State of Texas of the Bonds (as defined herein), (a) to purchase the Bonds from holders of the Bonds upon certain conditions pursuant to the Standby Purchase Agreement, and (b) to guarantee the payment, when due, of the Jefferson Holdings Obligations (as herein defined); and

WHEREAS, Blocker and FEP desire to covenant and agree to assume responsibility for Jefferson Holdings' and Jefferson Railport's obligations pursuant to the Standby Purchase Agreement and responsibility for any contributions required to be made pursuant to Section 21(d) of the Capital Call Agreement in exchange for an annual fee as described herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, hereby intending to be legally bound, agree as follows:

Section 1. Definitions. As used herein, the following terms shall have the following meanings:

“Available Commitment” has the meaning assigned to such term in the Standby Purchase Agreement as in effect on the date hereof.

“Bankruptcy Code” has the meaning assigned to such term in the Indenture.

“Bond Payments” means a cash payment by each of Blocker and FEP, directly or indirectly, to Jefferson Holdings on behalf of itself and Jefferson Railport in respect of amounts owed by Jefferson Holdings and Jefferson Railport pursuant to Section 2.02 of the Standby Purchase Agreement in order to enable Jefferson Holdings and Jefferson Railport to fulfill their obligations under the Standby Purchase Agreement.

“Bonds” has the meaning assigned to such term in the Standby Purchase Agreement.

“Business Day” has the meaning assigned to such term in the Indenture.

“Covenant Compliance Payments” means any contribution required to be made to Jefferson Holdings pursuant to Section 21(d) of the Capital Call Agreement.

“Jefferson Holdings Obligations” has the meaning assigned to such term in the Standby Purchase Agreement.

“Jefferson Holdings Obligation Payments” means a cash payment by each of Blocker and FEP, directly or indirectly, to Jefferson Holdings on behalf of itself and Jefferson Railport in respect of amounts owed by Jefferson Holdings and Jefferson Railport pursuant to Section 2.04 of the Standby Purchase Agreement in order to enable Jefferson Holdings and Jefferson Railport to fulfill their obligations under the Standby Purchase Agreement.

“Indenture” has the meaning assigned to such term in the Standby Purchase Agreement.

“Payment Notice” means a notice by FTAI Energy and Jefferson Railport to Blocker and FEP in the form of Exhibit A hereto.

“Person” means an individual, a corporation, a partnership, an association, an agency, an authority, a joint venture, a trust, a business trust, a limited liability company or any other entity or organization, including a governmental entity or political subdivision or an agency or instrumentality thereof.

“Pro Rata Percentage” means the relative percentage of each of Blocker’s and FEP’s direct or indirect ownership interest in FTAI Energy Partners LLC from time to time.

“Required Support Payment Amount” means, with respect to each Payment Notice, an amount equal to the aggregate Support Payments required to be paid by each of Blocker and FEP pursuant to such Payment Notice.

“Support Payments” means the Bond Payments, the Jefferson Holdings Obligation Payments and the Covenant Compliance Payments. For the avoidance of doubt, any direct or indirect cash payment to Jefferson Holdings by Blocker or FEP pursuant to this Agreement shall be considered a “Support Payment” received by Jefferson Holdings on behalf of itself and Jefferson Railport.

Section 2. Required Payments to Jefferson Holdings.

(a) Each of Blocker and FEP agrees, severally but not jointly, to make Support Payments from time to time in accordance with this Agreement; provided, that (i) the aggregate Bond Payments required to be made to Jefferson Holdings on behalf of itself and Jefferson Railport as of any day shall not exceed the Available Commitment; (ii) the aggregate Jefferson Holdings Obligation Payments required to be made to Jefferson Holdings on behalf of itself and Jefferson Railport as of any day shall not exceed the amount of Jefferson Holdings Obligations then due; and (iii) the aggregate Covenant Compliance Payments required to be made to Jefferson Holdings as of any day shall not exceed the required contribution then due pursuant to Section 21(d) of the Capital Call Agreement, in each case, as of such day, and provided further, that no Support Payment shall be made hereunder except when due hereunder following the delivery of a Payment Notice from FTAI Energy or Jefferson Railport, it being understood and agreed that there are no other conditions (implied or otherwise) to the commitments hereunder, including compliance with the terms of this Agreement.

(b) FTAI Energy and Jefferson Railport may issue a Payment Notice to Blocker and FEP from time to time.

(c) Subject to paragraph (d) below, upon the receipt by Blocker and FEP of a Payment Notice, each of Blocker and FEP hereby agrees that it shall promptly, and, in the case of a Bond Payment or Jefferson Holdings Obligations Payment, in no event later than the time and date Jefferson Holdings and/or Jefferson Railport are required to transfer funds to the Trustee pursuant to Section 2.02 or 2.04 of the Standby Purchase Agreement, make, directly or indirectly, a Bond Payment, a Jefferson Holdings Obligation Payment or a Covenant Compliance Payment, as applicable, to Jefferson Holdings on behalf of itself and, if applicable, Jefferson Railport, in an amount equal to each of Blocker’s and FEP’s Pro Rata Percentage of the Required Support Payment Amount with respect to such Payment Notice.

(d) Notwithstanding the foregoing paragraph (c), neither Blocker nor FEP shall be required to make a Support Payment described in paragraph (c) pursuant to a Payment

Notice (and shall not be considered in default of this Agreement) to the extent Jefferson Holdings and/or Jefferson Railport has received funds in an amount equal to the Required Support Payment Amount set forth in the Payment Notice on account of, or at the direction of, FTAI or any of its subsidiaries pursuant to the Capital Call Agreement.

(e) In the event either Blocker or FEP fails to make its Pro Rata Percentage of a Required Support Payment Amount hereunder for any reason, the other of Blocker or FEP shall not be obligated to fund such unfunded portion of the Required Support Payment Amount.

(f) Notwithstanding the foregoing, in no event shall any provision of this Agreement limit FTAI's obligations pursuant to the Capital Call Agreement.

Section 3. Fee. In consideration of the covenants and agreements made by Blocker and FEP herein, FTAI Energy, on behalf of itself, Jefferson Holdings and Jefferson Railport, hereby agrees to pay to Blocker and FEP a fee per annum of \$6,873,000 (the "Fee"). The Fee shall be payable on the date of issuance of the Series 2016 Bonds (as defined in the Standby Bond Purchase Agreement) or on such other date as FTAI Energy, Blocker and FEP may agree. The Fee shall be allocated between Blocker and FEP in accordance with each of Blocker's and FEP's Pro Rata Percentage.

Section 4. Payments. Unless otherwise expressly specified herein, all payments required to be made pursuant to this Agreement shall be made in U.S. dollars and in immediately available funds. At the election of FTAI Energy, any payment due hereunder, including any Fee payment pursuant to Section 3 or any reimbursement pursuant to Section 6, without limitation, may be made in the form of a note evidencing indebtedness of FTAI Energy and/or Jefferson Railport, with such terms (including interest rate) as FTAI Energy and/or Jefferson Railport, on the one hand, and Blocker and FEP, on the other, may reasonably agree.

Section 6. Expense Reimbursement. In connection with the transactions contemplated by this Agreement, the Capital Call Agreement and the Standby Bond Purchase Agreement, Jefferson Railport shall, upon the written request of Blocker or any parent entity, reimburse Blocker for the reasonable fees and expenses incurred by Blocker, any parent entity or any of their subsidiaries, including but not limited to rating agency fees, legal fees and expenses and the costs of analysis related to this Agreement conducted by Duff & Phelps Corporation. Payment shall be made by Jefferson Railport promptly upon receipt of such written request, but in any event, within five Business Days of receipt of such written request.

Section 7. Waivers of Failures; Delays; Etc. No failure or delay on the part of Blocker, FEP, FTAI Energy or Jefferson Railport in exercising any right, power or privilege hereunder and no course of dealing among Blocker, FEP, FTAI Energy or Jefferson Railport shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any rights, powers or remedies which FTAI Energy, Jefferson Railport, Blocker or FEP would otherwise have. No notice to or demand on any of Blocker or FEP in any case shall entitle Blocker or FEP, as applicable, to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of FTAI Energy, Jefferson Railport, Blocker or FEP to any other or further action in any circumstances without notice or demand.

Section 8. Waiver of Defenses Under Sections 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Code. Although the parties hereto intend and believe that this Agreement is not an executory contract, in the event that such characterization is not upheld in the event of any insolvency proceeding in respect of FTAI Energy, each of Blocker and FEP hereby waives, to the fullest extent it may do so under applicable law, any protection to which it may be entitled under Sections 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Code or any successor provision with respect thereto in the event that FTAI Energy or Jefferson Railport becomes a debtor under a proceeding under the Bankruptcy Code (a "Bankruptcy Event"). Specifically, in the event that the trustee in any Bankruptcy Event with respect to FTAI Energy or Jefferson Railport or the debtor-in-possession with respect thereto takes any action (including the institution of any action, suit or other proceeding for the purpose of enforcing the rights of FTAI Energy or Jefferson Railport hereunder), neither Blocker nor FEP shall assert any defense, claim or counterclaim denying liability hereunder on the basis that this Agreement is an executory contract or a "financial accommodation" that cannot be assumed, assigned or enforced or on any other theory directly or indirectly based on Sections 365(c)(1), 365(c)(2) or 365(e)(2) of the Bankruptcy Code or any successor provision with respect thereto. If a Bankruptcy Event with respect to FTAI Energy or Jefferson Railport shall occur, each of Blocker and FEP agrees, after the occurrence of such Bankruptcy Event, to reconfirm in writing, to the extent permitted by applicable law, its prepetition waiver of any protection to which it may be entitled under Section 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Code or any successor provision with respect thereto, and, to give effect to such waiver, each of Blocker and FEP consents, to the extent permitted by applicable law, to the assumption and enforcement of each provision of this Agreement by the debtor-in-possession or the trustee of FTAI Energy or Jefferson Railport in bankruptcy, as the case may be.

Section 9. Benefit of Agreement. This Agreement shall be binding upon Blocker, FEP, FTAI Energy and Jefferson Railport and each of their respective successors and assigns and

shall inure to the benefit of FTAI, Blocker, FEP, FTAI Energy and Jefferson Railport and each of their respective successors and assigns. No party hereto may assign any of its respective rights or obligations hereunder without the consent of each other party hereto; provided, that the rights and obligations of Blocker, FEP, FTAI Energy or Jefferson Railport may be assigned to a Person that is the surviving, resulting or transferee entity in connection with a merger or consolidation of Blocker, FEP, FTAI Energy or Jefferson Railport with such other Person or the sale or disposal of all or substantially all of the assets of Blocker, FEP, FTAI Energy or Jefferson Railport to such other Person, so long as such surviving, resulting or transferee entity expressly and unconditionally assumes, in a written instrument, the punctual performance and observance of all of the obligations and conditions of this Agreement to be performed by Blocker, FEP, FTAI Energy or Jefferson Railport, as applicable.

Section 10. Amendments; Waivers. Neither this Agreement nor any provision hereof may be changed, modified, amended or waived except with the written consent of each of Blocker, FEP, FTAI Energy and Jefferson Railport and so long as such change, modification, amendment or waiver would not cause a default under the Standby Purchase Agreement.

Section 11. Third Part Beneficiaries. Each Contributor (as such term is defined in the Capital Call Agreement) and Jefferson Holdings shall be a third party beneficiary to the agreements made hereunder and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights. Except as set forth in this Section 10, this Agreement does not and is not intended to confer any rights or remedies upon any person other than the parties hereto.

Section 12. Right of Set-Off. Each party hereto shall have, and may exercise at any time and from time to time, the right to set-off and/or recoup any and all balances due from a party to the other arising under this Agreement.

Section 13. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail as follows:

If to Blocker, to:	c/o Fortress Transportation and Infrastructure Investors LLC 1345 Avenue of the Americas New York, NY 10105 Attn.: Joseph P. Adams, Jr. Facsimile: 212-768-6120
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Agreement or (iii) Blocker or FEP have not received any Fee payable to Blocker or FEP pursuant to Section 3 hereof.

(b) To the fullest extent permitted by law, this Agreement shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment (or part thereof) made or caused to be made pursuant to this Agreement, is rescinded or must otherwise be disgorged, restored or returned by any beneficiary of this Agreement upon the insolvency, bankruptcy or reorganization of any Person or otherwise, all as though such payment had not been made.

Section 15. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement and any number of separate counterparts, each of which when so executed, shall be deemed an original and all said counterparts when taken together shall be deemed to constitute but one and the same instrument.

Section 16. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 17. Forum Selection; Consent to Jurisdiction. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK COUNTY AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH PARTY HERETO HEREBY AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY APPLICABLE LAW.

Section 18. Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Section 19. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 20. Headings. The various headings of this Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or any provisions hereof.

[Signature Pages Follow]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed and delivered as of the date first above written.

FTAI ENERGY PARTNERS LLC

By: /s/Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Signatory

JEFFERSON RAILPORT TERMINAL II, LLC

By: /s/Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Signatory

FTAI ENERGY HOLDINGS LLC

By: /s/Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Signatory

FEP TERMINAL HOLDINGS LLC

By: /s/Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Signatory

Exhibit A

Form of Payment Notice

FTAI Energy Holdings LLC
1345 Avenue of the Americas
New York, NY 10105
Attn.: Joseph P. Adams, Jr.
Facsimile: 212-768-6120

FEP Terminal Holdings LLC
1345 Avenue of the Americas
New York, NY 10105
Attn.: Randal A. Nardone
Facsimile: 212-768-6120

Tel:
E-mail: _____

Re: Fee and Support Agreement

Ladies and Gentlemen:

Reference is made to that certain Fee and Support Agreement, dated as of March 7, 2016 (the "Fee and Support Agreement"), by and among FTAI Energy Partners LLC, a Delaware limited liability company ("FTAI Energy"), Jefferson Railport Terminal II, LLC, a Delaware limited liability company ("Jefferson Railport"), FTAI Energy Holdings LLC, a Delaware limited liability company ("Blocker") and FEP Terminal Holdings LLC, a Delaware Limited Liability Company ("FEP"). Unless defined herein, capitalized terms used herein shall have the meanings provided therefor in the Fee and Support Agreement.

This letter shall constitute a Payment Notice. The undersigned is exercising its rights under the Fee and Support Agreement to require Blocker and FEP to make aggregate Support Payments in the amount of \$[_____] in accordance with Section 2(c) of the Fee and Support Agreement and directs each of Blocker and FEP to deposit their Pro Rata Percentage of the proceeds of such Support Payments in immediately available funds into the following deposit account:

Bank Name: _____

ABA Number: _____
Account Number: _____
Account Name: _____
Reference: _____

Pursuant to the Fee and Support Agreement, such Support Payments must be made by each of Blocker and FEP promptly after receipt of this notice, and, in the case of a Bond Payment or a Jefferson Holdings Obligation Payment, in no event later than the time and date Jefferson Holdings and/or Jefferson Railport is required to transfer funds to the Trustee for the purchase of the Bonds pursuant to Section 2.02 of the Standby Purchase Agreement or to make a payment of Jefferson Holdings Obligations as provided in Section 2.04 of the Standby Purchase Agreement.

Very truly yours,

FTAI ENERGY PARTNERS LLC

By _____
Name:
Title:

JEFFERSON RAILPORT TERMINAL II, LLC

By _____
Name:
Title:

**LEASE AND DEVELOPMENT AGREEMENT
(FACILITIES LEASE)**

STATE OF TEXAS

COUNTY OF ORANGE

This LEASE AND DEVELOPMENT AGREEMENT (this "**Facilities Lease**") is made and entered into as of February 1, 2016 (the "**Execution Date**"), by and between the PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS ("**Lessor**"), a political subdivision of the State of Texas, and JEFFERSON RAILPORT TERMINAL II LLC, a limited liability company organized under the laws of the State of Delaware ("**Lessee**"), each party herein acting by and through its duly authorized officers.

Recitals

A. Lessor owns approximately 243 acres of property located in Orange County, Texas, subject to rights conveyed to Jefferson Railport Terminal I (Texas) LLC and Jefferson Terminal Logistics (defined below) by separate Leases and Agreements, together with easements across adjacent property of Gerdau Ameristeel for rail and road access ("**Rail Access**") to Old Highway 90 and to class 1 railroads (collectively the "**Lessor's Property**" or the "**Orange County Terminal Property**"), and generally referred to as the Port of Beaumont's Orange County Terminal Property.

B. Prior to the execution hereof Lessor has leased approximately twenty (20) acres of the Orange County Terminal Property to Port of Beaumont Petroleum Transload Terminal, LLC ("**POB I**") in accordance with a Lease and Agreement, executed July 16, 2012, by and between Lessor, as lessor thereunder, and POB I, as lessee thereunder, as amended by Amendment to Agreement and Lease [First] executed as of May 23, 2013 by Lessor and June 12, 2013 by POB I, respectively, and a Second Amendment to Agreement and Lease between Lessor and POB I executed December 30, 2013, and a Third Amendment to Agreement and Lease executed as of October 27, 2015 by Jefferson Railport Terminal I (Texas) LLC, an affiliate of POB I, and Lessor (collectively, and as may be amended, restated, replaced, amended and restated or modified from time to time, the "**POB I Lease**"). The interests of POB I under the POB I Lease have previously been assigned to Jefferson Railport Terminal I (Texas) LLC, an affiliate of Lessee, as evidenced by a Consent Letter dated August 8, 2014 from POB I and consented to by Amegy Bank and a Consent Letter of even date therewith from POB I and consented to by Lessor. This Facilities Lease shall constitute a separate lease, and not an amendment or extension of the POB I Lease.

C. Prior to the execution hereof, Lessor has leased approximately nineteen (19) acres of the Orange County Terminal Property as further described in Exhibit A thereto to Port of Beaumont Petroleum Transload Terminal II, LLC ("**POB II**") in accordance with a Lease and Agreement, executed on August 21, 2013, by Lessor, as lessor thereunder, and August 27, 2013 by POB II, as lessee thereunder, as amended by an Amendment to Agreement and Lease [First] executed December 30, 2013 by Lessor and POB II, and a Second Amendment to Agreement and Lease executed as of October 27, 2015 between Lessor and POB II (collectively, the "**Original Lease**"). The interests of POB II have been assigned to Lessee as evidenced by a Consent Letter, dated August 8, 2014 from Lessee and consented to by Lessor. The Original Lease was amended and restated and the acreage subject to the this lease was increased to approximately eighty-five (85) acres, further described in Exhibit A hereto (the "**Site**"), by that that certain Amended and Restated Lease Agreement, dated as of the date hereof (as may be amended, restated, replaced, amended and restated or modified from time to time, the "**Ground Lease**"). This Facilities Lease shall constitute a separate but subordinate lease, and not an amendment to or extension of the Ground Lease, except as herein provided. After the expiration of this Facilities Lease, the Ground Lease shall continue to govern and control except with respect to (i) ownership of the Bond Financed Property, unless Lessee has acquired the Bond Financed Property pursuant to Section 4.2 below, in which event the Bond Financed Property shall thereafter be deemed to be Lessee Improvements (as defined in the Ground Lease) under the Ground Lease, and (ii) insurance requirements for the Bond Financed Property under this Facilities Lease, which shall survive the termination of this Facilities Lease and govern and control.

D. Prior to the execution hereof, Lessor has leased approximately one hundred twenty-five (125) acres of the Orange County Terminal Property to Jefferson Terminal Logistics LLC ("**Jefferson Terminal Logistics**") in accordance with a Lease and

Agreement, executed on April 7, 2015, by Lessor, as lessor thereunder, and on April 1, 2015, by Jefferson Terminal Logistics, as lessee thereunder, as amended by an Amendment to Agreement and Lease [First] executed as of October 27, 2015 by Jefferson Terminal Logistics and Lessor and the acreage subject to this lease was reduced to approximately seventy-one (71) acres pursuant to that Second Amendment to Agreement and Lease executed on or about the date hereof by Jefferson Terminal Logistics and Lessor (collectively, and as may be amended, restated, replaced, amended and restated or modified from time to time, the “**POB III Lease**”). This Facilities Lease shall constitute a separate lease, and not an amendment or extension of the POB III Lease.

E. Simultaneously with the execution hereof, Lessor shall reimburse Lessee from the proceeds of the Series 2016 Bonds (as defined below) for the costs incurred in connection with the construction of the assets described in Exhibit B hereto (the “**Existing Property**”), and while Lessor has always been the fee owner thereof and such assets have not been Lessee Improvements (as defined in the Ground Lease), out of an abundance of caution, Lessee shall quitclaim any fee interests of Lessee in the Existing Property arising prior to the date hereof pursuant to a quitclaim assignment of even date herewith (the “**Assignment**”).

F. In accordance with the provisions hereof, Lessee shall acquire, construct, complete and install the property described in Exhibit C hereto, and subject to Section 3.1 below, together with any loading and unloading appurtenances thereto (the “**New Property**”). Exhibit C may be amended, restated, replaced, amended and restated or modified from time to time (an “**Amendment**”) in accordance with this Facilities Lease. The Existing Property and the New Property are referred to herein as the “**Bond Financed Property**.” Any Amendments to the Bond Financed Property described in Exhibit B and Exhibit C, whether initially or subsequent to the issuance of the Series 2016 Bonds, defined below, may be made only and upon receipt of a Tax Opinion (as defined in the Indenture). Lessor owns and shall continue to own the Bond Financed Property, subject to the terms and conditions of this Facilities Lease.

G. Pursuant to an Trust Indenture and Security Agreement (as may be amended, restated, replaced, amended and restated or modified from time to time, the “**Indenture**”), between Lessor and The Bank of New York Mellon Trust Company, National Association (or any successor, assignee or replacement, the “**Trustee**”), Lessor is issuing a series of Bonds designated Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds, Series 2016, in the principal amount of \$144,200,000 (as may be amended, restated, replaced, amended and restated or modified from time to time, the “**Series 2016 Bonds**”). All initially capitalized terms used, but not otherwise defined, herein shall have the meanings set forth in the Indenture.

H The proceeds of the Series 2016 Bonds will be applied to (i) reimburse and pay the Lessee for the development, construction, and acquisition of the Bond Financed Property (being certain facilities for the transport, loading, unloading, and storage of petroleum products) on behalf of the Lessor; (ii) pay capitalized interest with respect to a portion of the Series 2016 Bonds during construction of the New Property; and (iii) pay certain costs of issuance of the Series 2016 Bonds.

I. Intentionally Omitted.

J. Jefferson Railport Terminal II Holdings LLC (“**Jefferson Holdings**”), an affiliate of Lessee, and Lessee have proposed that if the Series 2016 Bonds are not successfully remarketed on the First Initial Bonds Remarketing Date for the Series 2016 Bonds (as defined in the Indenture), Jefferson Holdings and Lessee shall provide for the purchase of the Series 2016 Bonds from the holders thereof, at a purchase price equal to the principal amount thereof, plus accrued interest to the date of purchase, pursuant to a Standby Bond Purchase Agreement (as may be amended, restated, replaced, amended and restated, or modified from time to time, the “**Standby Bond Purchase Agreement**”), by and among Lessor, Lessee, Jefferson Holdings and the Trustee. Pursuant to the Standby Bond Purchase Agreement, Jefferson Holdings shall additionally guarantee the payment of all Rent (as herein defined) and principal of and premium and interest on the Series 2016 Bonds prior to repurchase from proceeds of remarketing, redemption, or defeasance of all of the Series 2016 Bonds on or prior to the First Initial Bonds Remarketing Date.

K. Intentionally Omitted.

L Pursuant to a Leasehold Deed of Trust and Security Agreement, dated as of February 1, 2016 (as may be amended, restated, replaced, amended and restated, or modified from time to time, the “**Jefferson Deed of Trust**”), Lessee will grant a deed of trust lien on and security interest in its interest herein and in the Ground Lease and in all buildings, fixtures, modifications, replacements, improvements, easements, rights-of-way, air/water/development rights, machinery and equipment thereon or with respect thereto to the Trustee to secure its obligations under the Standby Bond Purchase Agreement and this Facilities Lease.

M. At its meetings of November 23, 2015 and February 22, 2016, the Port Commission of Lessor authorized the execution of this Facilities Lease with Lessee for the purposes herein stated.

N. Lessor and Lessee are desirous of entering into this Facilities Lease to set forth the terms and conditions of the leasing of the Bond Financed Property by Lessor to Lessee.

IN CONSIDERATION of the mutual covenants and conditions hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Description of Bond Financed Property. In consideration of the rents and covenants herein contained on the part of Lessee to be paid, kept and performed, Lessor does hereby Lease and demise to Lessee the Bond Financed Property, which may be leased pursuant to the Ground Lease pursuant to the terms thereof. Lessor and Lessee acknowledge and agree that descriptions as shown in Exhibit C are based on reasonably expected development plans, and that Exhibit C may be amended from time to time based on final design, engineering, plans and specifications for individual property, equipment or improvements; provided, however, that any such changes shall require a Tax Opinion (as defined in the Indenture). Any amended Exhibit C shall be based on final design, engineering, plans and specifications shall be reasonably related in scale and scope to the current Exhibit C and subject to the approval of Lessor and Lessee, and approval (after receipt of the aforementioned Tax Opinion) is within each party's consent not to be unreasonably withheld. Lessee shall construct, or cause to be constructed, the New Property and Lessee shall provide all labor, materials, equipment and services to construct the New Property in a good and workmanlike manner using all new materials, in compliance with applicable laws, the assumptions and requirements, if any, contained in the Tax Opinion (as defined in the Indenture), and otherwise in compliance with Exhibit E attached hereto and made a part hereof.

2. Surface Rights. Lessor and Lessee hereby acknowledge and agree, notwithstanding any provision of the Ground Lease to the contrary, Lessor shall retain all surface rights with respect to the Site necessary to own, operate, use and enjoy the Bond Financed Property, subject to the provisions of this Facilities Lease including, but not limited to, the right of Lessee to quiet enjoyment in Section 9.4 hereof.

3. Uses of Bond Financed Property. The Bond Financed Property is leased for the purposes described in Section 3.4 hereof, and Lessee agrees to restrict its use to such purposes and not to use or permit the use of the Bond Financed Property for any other purposes without first obtaining the express written consent of Lessor, which consent may require receipt of a Tax Opinion (as defined in the Indenture).

3.1 Subject to the below exceptions, Lessor grants in good faith to Lessee the right of reasonable ingress and egress to and over the Site for the use of the Bond Financed Property for the purposes herein stated, including rights of Rail Access, subject to the legal rights of other persons or parties in and to such property and subject to the rates, charges, rules, regulations and provisions of Lessor's tariffs as provided in the Ground Lease. The right of Rail Access is provided on a scheduled basis by class 1 railroads, and is subject to the rights granted under the POB I Lease, the Ground Lease, and the POB III Lease, and to rights of Rail Access granted to affiliates of Lessee or as otherwise approved by Lessee. Lessor provides no guaranties and does not provide any rail services along class 1 railroads to Lessor's Property, including but not limited to the Bond Financed Property. Instead, Lessee shall be required to negotiate and obtain rail ingress and egress access solely through class 1 railroads. Lessee shall be responsible for railcar and/or locomotive demurrage charged by the class 1 railroads for Lessee's unit train or manifest rail business utilizing Bond Financed Property.

Lessor shall provide waterway access for Lessee and necessary easements and rights of way over Lessor's Property to construct, operate, and maintain any pipeline facilities constituting Bond Financed Property, without additional charge; provided, however, that no Bond Financed Property may be located (i) on land not owned by Lessor or (ii) on land owned by Lessor that is financed by, pledged or otherwise provides security in any manner for any other tax-exempt bond financing (such land described in (ii) hereof, the "**Lessor Financed Property**"), unless Lessor first receives, at Lessee's expense, an opinion of a reputable bond counsel reasonably acceptable to Lessor that such construction shall not adversely affect the exclusion of interest on such other tax-exempt bond financing from gross income of the owners thereof for federal income tax purposes. Lessor represents and warrants that, to its knowledge, as of the Effective Date no portion of the 85-acre Site (excluding easements, if any) qualifies as Lessor Financed. Lessor shall not cause or permit any portions of the 85-acre Site (excluding easements, if any) to become Lessor Financed Property.

Lessor expressly retains and reserves the right of access to the Bond Financed Property for the purposes of repairing, inspecting and/or maintaining all property, facilities and equipment related to the business of Lessor, including but not limited to repairs, inspections, construction, or maintenance, and agrees such entry onto the Leased Premises shall not unreasonably impede Lessee's rights to operate under this Facilities Lease or the right of Lessee to quiet enjoyment in Section 9.4. However, Lessor's retained right to access the Bond Financed Property under this Section 3.1 does not diminish or reduce Lessee's responsibilities and duties herein to properly repair and maintain the Bond Financed Property.

3.2. Subject to POB Lease I and POB Lease III, Lessor hereby agrees that it shall provide to Lessee at Lessee's expense (but without any additional consideration to Lessor therefor) such easements, rights of way or similar property rights with respect to Lessor's Property as may be necessary, as reasonably determined by Lessee and Lessor, to construct, install and complete equipment and improvements described in Exhibit C hereto as set forth in Section 1 (and residing on land pursuant to which Lessee has rights under the Ground Lease). Lessor's consent may not be unreasonably withheld; provided, however that Lessor need not incur any cost or expense to obtain any such easements, rights of way or similar property rights.

3.3 Lessee covenants and warrants not to handle, store, use, load, or unload at the Bond Financed Property any toxic, corrosive, flammable, odorous, explosive product, or similarly related products, except in accordance with law. Lessee further covenants and warrants that Lessee's operations shall be handled in a manner (including, but not limited to, vapor recovery and combustion during the handling of Lessee products) that meets or exceeds liquid bulk transloading industry standards.

3.4. It is the intent of Lessor and Lessee that Lessee own (other than with respect to Bond Financed Property) or operate facilities for the import, storage, handling, transfer and export of (i) liquid hydrocarbons and refined or unrefined petroleum products and similar products (including crude oil, diluents, and diesel), (ii) biofuels, (iii) liquefied natural gas, (iv) products required to be transported in vessels with a Type II barge hull, within the meaning of 46 CFR 151.10-1 and (v) other products approved from time to time by Lessor in its sole discretion ("**Product**") for the Lease Term of this Facilities Lease, including all extensions and renewals hereof. Lessee's rights to operate under this Facilities Lease and the right of Lessee to quiet enjoyment in Section 9.4 hereof shall not be unreasonably impeded by Lessor, or its customers or tenants, with respect to future handling of Product, by rail, truck, pipeline or water-borne means. If Lessor, or its customers or tenants, desire to construct, operate, or otherwise engage in a facility for handling Product by rail, truck, pipeline or water-borne means, said operations may be commenced by Lessor, or its customers or tenants, only upon mutual consent between Lessee and Lessor, which consent shall not be unreasonably withheld, delayed or conditioned.

Lessee shall have a right to the use of rail switches located on Lessor's Property, subject to the rights as to switches granted under the POB I Lease, the Ground Lease and the POB III Lease.

3.5 Subject to Lessee's obligation to comply with applicable law, Lessee shall have the right to install, illuminate and maintain during the Lease Term hereof usual and customary signs and to install such other signage in and about the Site as required under applicable law. Lessee shall have the right to modify its signs from time to time and Lessor shall not interfere with such modifications as long as the signs as so modified comply with all applicable law.

3.6 Notwithstanding the foregoing, Lessor shall retain such easements, rights of ways of similar interests in the Leased Premises (i) to allow for the use and maintenance of all roadways located on, adjacent to or accessing the Bond Financed Property, and (ii) as may be necessary to allow for the completion and maintenance of the roadway proposed or under construction to provide access to Interstate Highway-10; provided, however, such rights onto the Leased Premises shall not unreasonably impede Lessee's rights to operate under this Facilities Lease or the right of Lessee to quiet enjoyment in Section 9.4 hereof.

4. Term of Lease. The term of this Facilities Lease shall commence as of the Execution Date (the "**Commencement Date**"). This Facilities Lease shall terminate on July 31, 2063 (being the day prior to the fiftieth anniversary of the commencement date of the Ground Lease) ("**Lease Term**").

4.1 Intentionally Omitted.

4.2 Subject to any rights of any mortgagee of interests in the Bond Financed Property, Lessee shall have the right to purchase the Bond Financed Property as follows: (i) if the Bonds (as defined in the Indenture) have not been paid in full and are outstanding, for the greater of (a) the amount necessary to pay the Bonds in full or (b) the then fair market value of the Bond Financed Property at the time the right to purchase is exercised as determined by an appraiser or (ii) after the Bonds have been paid in full and are not outstanding, an amount equal to the then fair market value of the Bond Financed Property at the time the right to purchase is exercised as determined by an appraiser. Such right must be exercised (if at all) in writing and at least one hundred twenty (120) days prior to the intended acquisition date, which intended acquisition date must be prior to the expiration of the Lease Term as contemplated herein and the term of the Ground Lease (as provided for therein). At the time the right to purchase is exercised, the then fair market value of the Bond Financed Property shall be appraised. Such appraisal shall be performed by a qualified appraiser procured by Lessor in accordance with the requirements of the Texas Professional Services Procurement Act, Chapter 2254, Texas Government Code (the "**Act**") and as required by §60.412(c), Water Code. Lessor shall proceed to procure an appraiser and designated sub-consultants as necessary to perform the appraisal of the fair market value of the Bond Financed Property based upon the most current edition of the Appraisal Institute Uniform Standards of Professional Appraisal Practices ("**USPAP**") and any applicable state law for appraisal of industrial assets such as the Bond Financed Property. The appraisal report shall be a "self-contained narrative report" and must note onsite inspection of the Bond Financed Property

by the appraiser, and the appraisal report shall be executed by the primary certified appraiser handling the preparation of and the recitation of the appraised value(s) as presented in the appraisal report. Such appraiser shall be responsible for all analysis and conclusions notwithstanding that such analysis and conclusions are in part generated through the collection of data and information by employees of the appraiser or third party designated sub-consultants. Lessor and Lessee shall collaborate on the appraisal procurement request for proposal, Lessor and Lessee shall jointly review responses to request for proposal, and Lessor and Lessee shall jointly designate the qualified appraiser.

5. Rental Payment. In addition to any rent owed under or pursuant to the Ground Lease, Facilities Lease Rent (as herein defined) shall be payable hereunder commencing on the Execution Date. In addition, Lessee agrees to pay, as rent hereunder, amounts equal to (i) all third-party costs, expenses and fees related to the Series 2016 Bonds, including the fees and expenses of the Trustee, the Tender Agent, the Bond Registrar, the Authentication Agent, and the Remarketing Agent, when due, and (ii) all Rebate Amounts (as defined in the Indenture) when due thereunder. An amount sufficient to provide for the payment of interest on the Series 2016 Bonds to the First Initial Bonds Remarketing Date and, if not then repurchased from proceeds of a remarketing or by Lessee or Jefferson Holdings pursuant to the Standby Bond Purchase Agreement, the principal of and interest on the Series 2016 Bonds when due thereafter until repurchased, redeemed, or defeased in whole, and an amount sufficient to provide for the payment of principal of and interest on the Series 2016 Bonds when, if, and as remarketed in an Interest Mode (as defined in the Indenture) on terms approved by Lessor and Lessee in their sole discretion are referred to together as the “**Facilities Lease Rent**” (Facilities Lease Rent, together with the third-party costs, expenses and fees described in clause (i) above and the Rebate Amounts described in clause (ii) above, are collectively the “**Rent**”). Lessee shall receive a credit towards the payment of Facilities Lease Rent for all amounts on deposit in the Bond Proceeds Subaccount of the Interest Account of the Debt Service Fund (including any amount returned to the Lessor in accordance with the Indenture) and shall prepay Facilities Lease Rent in the amount required to be deposited to the Prepaid Rent Subaccount of such Interest Account. On or following the remarketing of the Series 2016 Bonds as Fixed Rate Bonds (as defined in the Indenture), if ever, this Facilities Lease shall have attached hereto as Exhibit D a Schedule of Facilities Lease Rent evidencing monthly payments in amounts sufficient to provide for the payment of principal of and interest on the Series 2016 Bonds and, for the avoidance of doubt, such attachment shall not be deemed an amendment to this Facilities Lease. Facilities Lease Rent shall be deposited directly with the Trustee in a timely manner to assure that amounts sufficient to pay principal of and interest on the Series 2016 Bonds then due are on deposit with the Trustee at least fifteen (15) days prior to each Interest Payment Date (as defined in the Indenture).

6. Wharfage Rates and Port Charges. Lessee agrees that wharfage shall be paid to Lessor in accordance with Exhibit C to the Ground Lease (the “**Port Charges**”) for each short ton of cargo moving through, out of, or into the Bond Financed Property. Lessee further agrees that a rail facility usage charge shall be paid to Lessor in accordance with Exhibit C to the Ground Lease (the “**Port Rail Charges**”) for each loaded railcar utilizing the Bond Financed Property. Lessee further agrees that the Port Security Fee shall be paid to Lessor in accordance with Exhibit C to the Ground Lease for each short ton of cargo utilizing the Bond Financed Property. All other provisions and charges of Lessor’s tariffs shall apply, except as otherwise set forth therein. Wharfage rates, Port Rail Charges, and Port Charges, as set forth in Exhibit C to the Ground Lease, shall be adjusted as provided under the Ground Lease. All changes contemplated under this Section 6 due by Lessee shall be paid as and when required under the Ground Lease and no additional amounts under this Section 6 shall be due. Any cargo or other property for which Port Charges, Port Rail Charges or Port Security Fees are paid pursuant to the Ground Lease, the POB I Lease or the POB III Lease shall not be charged such fees hereunder. Lessor and Lessee agree that there shall be additional minimum payments with respect to the Port Charges, Port Rail Charges or Port Security Fee that are set forth in the Ground Lease, the POB I Lease and the POB III Lease. Amounts payable to the Port pursuant to this Section 6 shall not be considered Pledged Revenues under the Indenture.

7. Surrender of Premises; Ownership of Improvements. Subject to Section 4.2 hereof, at the expiration or termination of this Facilities Lease, Lessee agrees to: (1) surrender possession of the entire Bond Financed Property (except to the extent purchased by Lessee pursuant to the terms of this Facilities Lease, in which event Section 7 of the Ground Lease shall control) to Lessor; and (2) otherwise return the Bond Financed Property to Lessor in good operating condition, in accordance with the provisions of Section 8.5 below.

8. Covenants and Agreements of Lessee. Lessee covenants and agrees as follows:

8.1 Lessee agrees to pay all costs and expenses of its operations on the Bond Financed Property and the cost of all utilities, such as gas, water, electricity, telephone, telegraph and cable service, and for all taxes and assessments on the Bond Financed Property. Additionally, Lessee agrees to pay all costs and expenses related to improvements to utilities, such as gas, water, electricity, telephone, telegraph, and cable services that are needed to accommodate Lessee’s operations.

8.2 Lessee agrees to pay when due all Rent and other charges herein described attributable to the Bond Financed Property as same shall become due.

8.3 In the conduct and operation of its business in and about the Bond Financed Property, Lessee agrees to conform and comply with all laws relating thereto and the requirements of any properly constituted public tribunal or governmental agency or federal, state, municipal or other political subdivision authority having jurisdiction thereof and the reasonable requirements of insurance companies carrying insurance upon the Bond Financed Property, or of any board of fire insurance underwriters, rating bureau, or similar body applicable thereto.

8.4 Lessee agrees that it shall not commit or permit waste on or of the Bond Financed Property and to keep the Bond Financed Property in a clean and sanitary condition and generally to observe and practice “*good housekeeping*” principles in and about the operations thereof. Additionally, Lessee will implement and enforce a site safety plan and promptly correct safety hazards or concerns on the Bond Financed Property in the manner as provided in the Ground Lease. Lessor is under no obligation or duty to implement and/or enforce Lessee’s site safety plan or to promptly correct any potential safety hazards. Any liability resulting from the adequacy, implementation, or enforcement of the site safety plan is solely attributable to Lessee, and any liability resulting from Lessee’s failure to promptly correct safety hazards is solely attributable to Lessee.

8.5 At its own expense, Lessee agrees to make all repairs, maintenance, replacements or other work reasonably necessary to keep the Bond Financed Property in substantially as good condition as the same were received by Lessee and in accordance with the assumptions in the Engineering Report for Initial Bond Projects, prepared by Lanier & Associates, Consulting Engineers, Inc., Job No. 9655-0, as revised, dated February 16, 2016 (as may be amended, restated, replaced, amended and restated or modified from time to time with the approval of Lessor (not to be unreasonably withheld), and the delivery of a Tax Opinion in connection with an amendment to Exhibit C, the “**Engineer’s Report**”) ordinary wear and tear, obsolescence, damage by fire (other than a fire resulting in part or full from Lessee’s acts or omissions) or other casualty beyond Lessee’s control excepted, except as otherwise provided in Section 17.3 below.

8.6 Intentionally Omitted.

8.7 Lessee shall pay all taxes, if any, assessed on the value of the leasehold or the leasehold improvements.

8.8 Intentionally Omitted.

8.9 Lessor acknowledges and agrees that this Facilities Lease shall be deemed and construed to be a “*net lease*,” and Lessee shall pay absolutely all operating costs of the Bond Financed Property during the Term, including the Rent and all other payments required hereunder, free of any deductions, and without abatement, deduction or setoff (other than credits against Rent expressly provided for in this Facilities Lease).

8.10 Lessee hereby makes an irrevocable election (binding on Lessee and all successors in interest under this Facilities Lease) never to claim depreciation or an investment credit with respect to such Bond Financed Property.

8.11 If required by applicable law (or if Lessor is required by applicable law to do so in connection with the Project), Lessee agrees to post a payment bond and/or performance bond for the Project and Lessee agrees to include Lessor as an additional obligee thereunder. In addition, Lessee shall comply with any procurement provisions or requirements of applicable law with respect to the Project.

9. Lessor Covenants.

9.1 Lessor shall have the right, at its sole cost, responsibility, and expense, to make at any time alterations to Lessor’s Property and to construct other improvements on Lessor’s Property (“**Lessor Improvements**”) provided that such alterations do not substantially impair the use thereof by Lessee for the purposes herein described and so long as same are in compliance with all requirements of the POB I Lease, the Ground Lease, and the POB III Lease.

9.2 Lessor shall pay for all labor and services performed for, materials used by or furnished to Lessor, or used by or furnished to any contractor employed by Lessor with respect to the initial construction of any Lessor Improvements and hold Lessee and the Bond Financed Property harmless and free from any liens, claims, encumbrances or judgments created by Lessor. If Lessor elects to post a payment or performance bond or is required to post an improvement bond with a public agency in connection with the above, Lessor agrees to include Lessee as an additional obligee thereunder.

9.3 Lessor is and shall remain for the Lease Term hereof the true and lawful owner of the Bond Financed Property and, has good right and full power to let and lease the Bond Financed Property. Lessor agrees that, contingent upon Lessee’s compliance with the terms of this Facilities Lease such that no Event of Default has occurred and is continuing, Lessee shall quietly and peaceably hold, possess and enjoy the Bond Financed Property for the full Lease Term of this Facilities Lease without any

hindrance or molestation by the agents or employees of Lessor as discussed herein, and Lessor will defend the title to the Bond Financed Property and the use and occupancy of the same by Lessee against the lawful claims of all persons whomsoever claiming by, through, or under Lessor (but not otherwise) except those claiming by, through, or under Lessee.

9.4 Lessor shall maintain a fee simple interest in the Bond Financed Property free and clear of any mortgages, deeds, encumbrances, declarations, easements, liens or restrictions, or any other encumbrances, other than as provided in the Indenture, and that would restrict Lessee's use of the Bond Financed Property for the purposes herein described or would restrict in any respect the right of Lessee, its employees and invitees to use the Bond Financed Property in accordance with the terms of this Facilities Lease ("**Encumbrances**"). Lessor agrees promptly to discharge or to cause to be discharged any Encumbrances attaching to such Lessor Improvements; or if in default for thirty (30) days after written notice thereof from Lessee, Lessor shall reimburse Lessee any amount or amounts paid by Lessee, including reasonable attorneys' fees and expenses in causing the removal of such Encumbrances. Nothing herein contained, however, shall require Lessee to discharge such Encumbrances except in its own discretion. Lessor shall, however, have the right to contest any such Encumbrances or claim for Encumbrances provided it shall serve notice upon Lessee of its election to contest the same prior to Lessee making any payments or incurring any attorneys' fees or expenses; and in such case, Lessor shall not be in default with respect thereto and Lessee shall not have the right to make any payments for the removal of such Encumbrances until such contest by Lessor shall have terminated.

9.5 Intentionally Omitted.

10. Waiver and Indemnity.

10.1 LESSEE HEREBY WAIVES ALL CLAIMS, RIGHTS OF RECOVERY AND CAUSES OF ACTION THAT LESSEE OR ANY PARTY CLAIMING BY, THROUGH OR UNDER LESSEE MAY NOW OR HEREAFTER HAVE BY SUBROGATION OR OTHERWISE AGAINST LESSOR AND LESSOR'S COMMISSIONERS, OFFICERS, DIRECTORS, PARTNERS, ATTORNEYS, AGENTS, AND EMPLOYEES FOR ANY LOSS OR DAMAGE THAT MAY OCCUR TO ALL OR ANY PORTION OF THE BOND FINANCED PROPERTY, BY REASON OF FIRE OR OTHER CASUALTY, OR BY REASON OF ANY OTHER CAUSE EXCEPT LESSOR'S GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT (THUS EXPRESSLY INCLUDING SIMPLE NEGLIGENCE OF LESSOR AND LESSOR'S COMMISSIONERS, OFFICERS, DIRECTORS, PARTNERS, ATTORNEYS, AGENTS, AND EMPLOYEES).

10.2 LESSEE HEREBY ASSUMES ANY AND ALL LIABILITY FOR, AND AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS LESSOR AND LESSOR'S COMMISSIONERS, OFFICERS, DIRECTORS, PARTNERS, ATTORNEYS, AGENTS, AND EMPLOYEES FROM AND AGAINST, ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, ACTIONS, SUITS, COSTS, EXPENSES AND DISBURSEMENTS (INCLUDING COURT COSTS AND REASONABLE ATTORNEYS' FEES) RESULTING FROM (A) THE ISSUANCE, OFFERING, SALE, DELIVERY OR PAYMENT OF THE SERIES 2016 BONDS OR THE INTEREST THEREON, THE INDENTURE AND ANY OTHER DOCUMENTS ENTERED INTO IN CONNECTION THEREWITH AND ANY OBLIGATIONS IMPOSED ON THE LESSOR THEREBY, (B) ANY INJURIES TO OR DEATH OF ANY PERSON, (C) VIOLATIONS OF ANY JUDICIAL DECISIONS, ORDERS, INJUNCTIONS, WRITS, STATUTES, RULINGS, RULES, REGULATIONS, REGULATORY OR ADMINISTRATIVE AGENCY DECISIONS, PERMITS, CERTIFICATES OR ORDINANCES OF ANY GOVERNMENTAL AUTHORITY IN ANY WAY APPLICABLE TO LESSEE OR THE BOND FINANCED PROPERTY, INCLUDING ZONING, FEDERAL TAX MATTERS, ENVIRONMENTAL MATTERS OR THE IMPOSITIONS OF ANY REMEDIAL OBLIGATIONS TO PROTECT HEALTH OR THE ENVIRONMENT (THE "LEGAL REQUIREMENTS"), OR (D) ANY BUSINESS INTERRUPTIONS AND/OR INTERFERENCE, INCLUDING RAIL DEMURRAGE OR ANY DAMAGE TO ANY PROPERTY OCCURRING DURING THE TERM OF THIS FACILITIES LEASE IN OR AROUND THE BOND FINANCED PROPERTY OR LESSOR'S PROPERTY AND RELATED HERETO OR AFTER THE LEASE HAS EXPIRED IF THE BUSINESS INTERRUPTION, BUSINESS INTERFERENCE, OR DAMAGE WAS CAUSED BY AN ACT OR OMISSION OF LESSEE, ITS OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES DURING THE TERM OF THE LEASE, EXCEPT THAT LESSEE SHALL HAVE NO LIABILITY FOR OR OBLIGATION TO DEFEND, INDEMNIFY OR HOLD HARMLESS LESSOR AND LESSOR'S COMMISSIONERS, OFFICERS, DIRECTORS, PARTNERS, ATTORNEYS, AGENTS, AND EMPLOYEES FROM THEIR OWN ACTS OF GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT (THUS EXPRESSLY INCLUDING SIMPLE NEGLIGENCE OF LESSOR AND LESSOR'S COMMISSIONERS, OFFICERS, DIRECTORS, PARTNERS, ATTORNEYS, AGENTS, AND EMPLOYEES) RESULTING IN LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, CLAIMS, ACTIONS, SUITS, COSTS, EXPENSES AND DISBURSEMENTS INCLUDING COURT COSTS AND REASONABLE ATTORNEYS' FEES.

10.3 LESSOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO LESSEE, OR TO LESSEE'S OFFICERS, DIRECTORS, SHAREHOLDERS, PARTNERS, EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES, FOR BODILY INJURY, DEATH, PROPERTY DAMAGE, BUSINESS INTERRUPTION, LOSS OF PROFITS, LOSS OF TRADE SECRETS OR OTHER DIRECT OR CONSEQUENTIAL DAMAGES OCCASIONED BY (A) FORCE MAJEURE, (B) VANDALISM, THEFT, BURGLARY AND OTHER CRIMINAL ACTS (OTHER THAN THOSE COMMITTED BY LESSOR AND ITS EMPLOYEES), OR (C) THE CONDITION, REPAIR, REPLACEMENT, MAINTENANCE, DAMAGE, DESTRUCTION OR RELOCATION OF THE BOND FINANCED PROPERTY.

11. Insurance. Lessee shall, at its sole cost and expense, procure and maintain (or cause to be procured and maintained) during the Lease Term of this Facilities Lease, and during the term of the Ground Lease if longer than the Lease Term of this Facilities Lease, insurance coverage with respect to the Bond Financed Property as described in the Ground Lease (including Section 11 thereof) as if the Bond Financed Property were Lessee Improvements. The obligations of this paragraph shall survive expiration or termination of this Facilities Lease; provided that, if Lessee exercises its rights specified in Section 4.2 hereof, the Bond Financed Property acquired pursuant to Section 4.2 shall automatically qualify as Lessee Improvements as provided in the Ground Lease, and this Facilities Lease shall be terminated.

In addition, before starting of any work related to the New Property, and in addition to the coverages required under the preceding paragraph, Lessee shall obtain (or cause its contractor(s) to obtain) and maintain Builder's Risk insurance or all-risk property insurance upon the Bond Financed Property for the full cost of replacement at the time of loss. This insurance shall include the interests of Lessor as a named insured. This insurance shall be written as a builder's risk or "all risk" or equivalent form to cover all risks of physical loss except those specifically excluded by the policy, and shall insure at least against the perils of fire, lightning, explosion, windstorm, and hail, smoke, aircraft (except aircraft, including helicopter, operated by or on behalf of Lessor) and vehicles, riot and civil commotion, theft, vandalism, malicious mischief, debris removal, flood, earthquake, earth movement, water damage, wind, testing if applicable, collapse however caused, and damage resulting from defective design, workmanship or material. Lessee shall be solely responsible for any deductible amounts or coinsurance penalties. This Builder's Risk or all-risk policy shall provide for a waiver of subrogation in favor of Lessor. This Builder's Risk or all-risk insurance shall remain in effect until final payment has been made or until no person or entity other than Lessor and Lessee have an insurable interest in the New Property to be covered by this insurance, whichever is sooner, and an owner's policy of all-risk insurance shall be maintained at all times thereafter. Except as may otherwise set forth in the immediately preceding sentences of this paragraph, the Builder's Risk or all-risk insurance shall also comply with the requirements of Section 11 of the Ground Lease.

12. Assignment/Subletting. Lessee may not assign or sublet all or substantially all of the Bond Financed Property or assign the rights and obligations herein without first obtaining written approval by Lessor for such assignment or sublet and then, only in conjunction with an assignment of the Ground Lease. Lessor approval of a proposed assignment or sublet of all or substantially all of the Bond Financed Property shall not be unreasonably withheld provided that (i) the proposed assignee or sublessee is a party of similar financial worth to Lessee, and Lessee shall have provided Lessor with proof thereof, (ii) the proposed assignee or sublessee is experienced in the Permitted Uses (as defined in the Ground Lease) and Lessee shall have provided Lessor with proof thereof, (iii) the nature and character of the proposed assignee or sublessee, its business and activities and intended use of the Bond Financed Property are in Lessor's reasonable judgment consistent with the requirements of this Facilities Lease, and is expressly subject to all of the terms and provisions of this Facilities Lease (which any assignee shall also expressly assume in writing) and to any matters to which this Facilities Lease is subject, including, without limitation, the Tax Certificate (as defined in the Indenture), and the Sublessee agrees in writing to perform all the Lessee's covenants, and (iv) the granting of such consent will not constitute a default under any other agreement to which Lessor is a party or by which Lessor is bound; and further provided that Lessor shall never be required to accept or approve any such assignee or sublessee that would adversely affect or otherwise jeopardize Lessor's "strategic seaport" classification by the United States Department of Defense. Consent by Lessor to any assignment or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment or subletting. Lessee shall at all times remain liable for the payment of Rent herein and for compliance with all of its other obligations under this Facilities Lease notwithstanding any assignment or subletting under the Lease. The foregoing is not intended to prevent the sublease by Lessee of less than substantially all of the Bond Financed Property, or to require the consent of the Lessor with respect to any such sublease; provided, however, that Lessee shall deliver a copy each sublease to Lessor promptly after its execution and such sublease shall contain an express obligation on behalf of the sublessee to comply with all the terms and conditions of this Facilities Lease, and that no such sublessee shall (i) use the Bond Financed Property for any use that is not permitted or that would affect the tax-exempt status of the Series 2016 Bonds or (ii) adversely affect or otherwise jeopardize Lessor's "strategic seaport" classification by the United States Department of Defense.

13. Specifically Prohibited Use; Compliance with Tax Certificate. Lessee will not (a) use, occupy or permit the use or occupancy of the Bond Financed Property for any purpose or in any manner which is or may be, (i) in violation of the requirements of Section 3 hereof, (ii) in violation of any legal requirements, or (iii) an Event of Default under the Indenture, (b) commit or permit to remain any waste to the Bond Financed Property or (c) commit, or permit to be committed, any action or circumstance

in or about the Bond Financed Property other than the use permitted under this Facilities Lease which, directly or indirectly, would lawfully justify Lessor's insurance carrier in canceling the insurance policies maintained by Lessor on the Bond Financed Property and improvements thereon, or that would adversely affect the tax-exempt status of interest on the Series 2016 Bonds. Lessee shall faithfully and timely observe and perform each of its obligations under the Tax Certificate.

14. Condition of Bond Financed Property.

14.1 Lessee acknowledges that Lessee has independently and personally inspected the Existing Property and has or will independently inspect all New Property (which Lessee will be constructing), and that Lessee has entered into this Facilities Lease based upon such examination and inspection and that Lessee accepts the Existing Property in its present condition and will accept the New Property upon completion in its then present condition, "AS IS, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY WHATSOEVER, EXPRESS OR IMPLIED," (other than any warranties that are expressly made herein or by the manufacturer or provider of any Bond Financed Property); specifically (without limiting the generality of the foregoing) without any warranty of (a) the nature or quality of any construction, structural design or engineering of any improvements currently located at or constituting a portion of the Bond Financed Property, (b) the quality of the labor and materials included in any such improvements, (c) the soil and environmental conditions existing at the Bond Financed Property and (d) the suitability of the Bond Financed Property for any particular purpose. Lessor shall not be required to make any improvements to the Bond Financed Property or to repair any damages to the Bond Financed Property, other than any improvements that are expressly agreed to herein. Lessor hereby assigns for the Lease Term of this Facilities Lease to Lessee its interest in any warranties provided by the manufacturer or provider of any Bond Financed Property as may be beneficial to Lessee in the performance of its obligations hereunder.

14.2 Intentionally Omitted.

15. Completion of Bond Financed Property.

15.1 Lessee shall be responsible for the acquisition, construction, installation and completion of the Bond Financed Property; Lessor shall have no obligation to complete Project or to guarantee completion of the Project. Lessee shall apply proceeds of the Series 2016 Bonds allocated to acquisition, construction, installation and completion to payment for all labor and services performed for, materials used by or furnished to Lessee, or used by or furnished to any contractor employed by Lessee with respect to the Bond Financed Property in accordance with the terms and conditions of the Indenture and the assumptions used in the useful life determinations provided in the Engineer's Report, and hold Lessor and the Bond Financed Property harmless and free from any liens, claims, encumbrances or judgments created or suffered by Lessee. If Lessee is required or elects to post a payment or performance bond or an improvement bond with a public agency in connection with the above, Lessee agrees to include Lessor as an additional obligee thereunder.

15.2 Lessee shall not permit any laborers', mechanics', or materialmen's liens to be perfected upon the Bond Financed Property by any laborer, contractor, or subcontractor employed by Lessee during the Lease Term hereof and Lessee agrees promptly to discharge or to cause to be discharged any such lien or liens attaching to such improvements; or if in default for ninety (90) days after written notice thereof from Lessor, Lessee shall pay as additional rent any amount or amounts paid by Lessor, including reasonable attorneys' fees and expenses in causing the removal of such lien or liens. Nothing herein contained, however, shall require Lessor to discharge such lien or liens except in its own discretion. Lessee shall, however, have the right to contest any such lien or claim for lien provided it shall serve notice upon Lessor of its election to contest the same prior to Lessor making any payments or incurring any attorneys' fees or expenses; and in such case, Lessee shall not be in default with respect thereto and Lessor shall not have the right to make any payments for the removal of such lien or liens until such contest by Lessee shall have terminated.

15.3 Lessee is entitled to charge and receive a construction management and mobilization fee ("**CM&M Fee**") as a construction manager-agent pursuant to Section 60.461 of the Texas Water Code equal to eight percent (8%) of the value of the New Property. Such CM&M Fee shall be paid pursuant to a contract, as required by Section 60.461 of the Texas Water Code, entered into between the Lessee and Lessor no later than the commencement of any work on the New Property, and shall be paid as a Project Cost through requisitions as provided in Section 4.06 of the Indenture in pro rata installments on a concurrent basis with requisitions for payment of the costs related to the New Property.

16. Access by Landlord. Lessor, its employees, contractors, agents and representatives, shall have the right (and Lessor, for itself and such persons and firms, hereby reserves the right) to enter the Bond Financed Property during normal business hours, (a) to inspect the Bond Financed Property, (b) to show the Bond Financed Property to prospective purchasers or tenants, (c) to determine whether Lessee is performing its obligations hereunder and, if it is not, to perform same at Lessor's option and Lessee's expense or (d) for any other purpose deemed reasonable by Lessor. In an emergency, Lessor (and such persons and firms) may use any means to open any door into or in the Bond Financed Property without any liability therefor after making reasonable

efforts to contact Lessee to provide access thereto. Access to the Bond Financed Property by Lessor or any other person or firm named in the first sentence of this Section 16 for any purpose permitted herein shall not constitute a trespass or an eviction (constructive or otherwise) or entitle Lessee to any abatement or reduction of rental, or constitute grounds for any claim (and Lessee hereby waives any claim) for damages or for any injury to or interference with Lessee's business, or for loss of occupancy or quiet enjoyment or for consequential damages.

17. Damage, Destruction and Condemnation. If any Bond Financed Property is damaged or destroyed during the Lease Term by a casualty loss, Lessee shall promptly and diligently rebuild and restore the same, at its expense, to its condition prior to such destruction or to another safe condition, provided proceeds of insurance are sufficient for such purposes. Lessee shall have full use of and the right to apply any insurance proceeds available for such rebuilding and restoration.

17.1 If after the Execution Date and prior to the expiration of the Term, the whole of the Bond Financed Property shall be taken under power of eminent domain by any public or private authority, or conveyed by Lessor (subject to Lessee's prior written approval, which approval shall not be unreasonably withheld, delayed or conditioned) to said authority in lieu of such taking, then this Facilities Lease and the Lease Term hereof shall cease and terminate as of the date of such taking; subject, however, to the right of Lessee, at its election, to continue to use of the Bond Financed Property, subject to the terms and provisions of this Facilities Lease, for all or such part, as Lessee may determine, of the period between the date of such taking and the date when possession of the Bond Financed Property shall be taken by the taking authority and any unearned Rent, if any, paid in advance, shall be refunded to Lessee; subject, further, to Lessee's right to keep this Facilities Lease in full force and effect in accordance with all governmental requirements, if termination hereof would reduce any award for a taking, as set forth herein below.

17.2 If, after the Execution Date and prior to the expiration of the Term, any taking under the power of eminent domain by a public or private authority or any conveyance by Lessor in lieu thereof, shall result in a reduction of more than thirty-three percent (33%) of the Bond Financed Property or a lesser amount is taken but the use of the Bond Financed Property for Lessee's business has been substantially and materially impaired in Lessee's reasonable business judgment, then Lessee may, at its election, terminate this Facilities Lease by giving Lessor notice of the exercise of Lessee's election within thirty (30) days after Lessee shall receive actual notice of such taking, and either by paying to Trustee an amount sufficient to pay or defease in full the Series 2016 Bonds. In the event of termination by Lessee under the provisions of this Section 17.2, this Facilities Lease and the Lease Term hereof shall cease and terminate as of the date of such taking, subject to the right of Lessee, at its election, to continue to occupy the Bond Financed Property, subject to the terms and provisions of this Facilities Lease, for all or such part, as Lessee may determine, of the period between the date of such taking and the date when possession of the Bond Financed Property shall be taken by the appropriating authority, and any unearned Rent, if any, paid in advance by Lessee shall be refunded to Lessee. Notwithstanding anything in the foregoing to the contrary, if any condemnation award for any taking would be reduced by the termination of this Facilities Lease with respect to a taking, as hereinabove set forth, then Lessee may elect to keep this Facilities Lease in full force and effect so as to obtain the highest possible award from the condemning authority.

17.3 In the event of a taking in respect of which Lessee shall not have the right to elect to terminate this Facilities Lease or, having such right, shall not elect to terminate this Facilities Lease, this Facilities Lease and the Lease Term hereof shall continue in full force and effect and Lessee (pursuant to a contract as required by Section 60.461 of the Texas Water Code and Lessor's agreement to pay the CM&M Fee of the costs of the "Restoration" (as hereinafter defined) on a concurrent basis promptly upon the payment of the costs of the "Restoration") shall forthwith promptly and diligently effect the "Restoration" through application of the "Restoration Portion", as hereinafter defined and set forth. If this Facilities Lease is not terminated as a result of a taking, as set forth hereinabove in this Section 17.3, Lessor shall be entitled to receive the entire award except for that portion (the "Restoration Portion") of the award necessary for the Restoration. If the entire award is insufficient for the Restoration, then the entire award shall be the Restoration Portion and Lessee shall have the right to terminate this Facilities Lease by written notice to Lessor within thirty (30) days after the insufficiency of the Restoration Portion is actually known to Lessee, and either by paying to Trustee an amount sufficient to pay or defease in full the Series 2016 Bonds. The term "Restoration" herein means the restoration of the remaining portions of the Bond Financed Property, including any and all improvements made theretofore and the remaining portions of the parking areas and other common areas of the Bond Financed Property, to an architectural whole in substantially the same condition that the same were in prior to such taking as close as reasonably practical. Lessor shall have sole discretion to be exercised in good faith on whether the Bond Financed Property has been restored.

17.4 All compensation awarded for any taking of the Bond Financed Property shall be applied (i) first, pro rata, based upon all costs of Lessor and Lessee with respect to construction and installation of the Bond Financed Property, and (ii) thereafter, pro rata based upon the present value of the Lease Term, including all renewal periods herein specified, if then exercised by Lessee.

18. Subordination and Attornment.

18.1 Notwithstanding anything contained herein to the contrary, Lessor's fee interest shall be superior to any leasehold

mortgage or deed of trust on the Bond Financed Property, and such leasehold mortgage or deed of trust shall take subject to same with the intent of the parties being that a foreclosure of the leasehold mortgage or deed of trust shall in no event eliminate Lessor's fee interest. In addition, any leasehold mortgage or deed of trust shall survive the termination of the Lease provided that the leasehold mortgagee or deed of trust trustee or beneficiary or any designator successor (the "**Successor**") affirmatively assumes all Lessee's obligations hereunder within one hundred twenty (120) days after succeeding to Lessee's interest; provided that enforcement of any obligations of the Trustee as Successor shall be limited to the Trustee's interest in property subject to the deed of trust and to the Trust Estate (as defined in the Indenture) and no claim shall be brought against the Trustee personally in connection with such obligations. Until such Successor is appointed and has so assumed all such obligations, Lessor may appoint a temporary operator to maintain and shutdown or operate the Bond Financed Property (in Lessor's sole discretion), and the expenses thereof incurred by Lessor or its temporary operator shall be reimbursed to Lessor by the Successor within ten (10) days after written request from Lessor. If the Successor fails to expressly assume in writing one hundred twenty (120) days after succeeding to Lessee's interest this Facilities Lease shall automatically terminate. As a material condition to Lessee's execution of this Facilities Lease, upon its execution of this Facilities Lease, Lessee shall provide Lessor with an executed Memorandum of Lease in form and substance acceptable to Lessor (the "**Memorandum**") to be executed by Lessee and Lessor, which will be recorded in the real estate records in the county in which the Bond Financed Property are located at Lessee's expense. The Memorandum will contain the following provisions: "Lessee agrees that upon expiration or any proper termination of the Facilities Lease, it will release this Memorandum (and the Facilities Lease) of record, and further agrees that if such written termination or release is not filed of record with thirty (30) days after such expiration or termination, then Lessor is hereby authorized to execute on behalf, and in the name, of Lessee any such release and record the same in the public records at Lessee's expense. This power in favor of Lessor is coupled with an interest and is not revocable by Lessee." The Memorandum will be recorded by Lessee at its expense within five (5) days following the initial execution hereof and any final completion of Exhibit A and approval thereof by Lessor and promptly released by Lessee, at its expense, after expiration or termination of this Facilities Lease.

18.2 Should Lessor sell, convey or transfer its interest in the Bond Financed Property, then such party shall be substituted herein as Lessor and Lessee shall attorn to such succeeding party as its Lessor under this Facilities Lease promptly upon any such succession, provided that such succeeding party assumes all of Lessor's duties and obligations under this Facilities Lease and agrees not to disturb Lessee's leasehold interest hereunder in accordance with this Section 18.2 as long as an Event of Default has not occurred and is not continuing beyond any grace or cure period hereunder.

19. Leasehold Financing. Lessee shall have the unrestricted right to execute and deliver a mortgage, deed of trust, pledge and/or collateral assignment of this Facilities Lease, but not Lessor's fee interest in the Bond Financed Property, as security for any indebtedness or obligations in any form whatsoever. If Lessee shall execute and deliver a mortgage or deed of trust, and if the holder of the indebtedness secured thereby (the "**Mortgagee**") notifies Lessor of the execution of such mortgage or deed of trust, and the name and place for service of notices upon such mortgage or deed of trust, then and in such event, Lessor hereby agrees for the benefit of Lessee and such Mortgagee from time to time:

(a) That Lessor will give to any Mortgagee simultaneously with service on Lessee a duplicate of any and all notices or demands given by Lessor to Lessee.

(b) The Mortgagee shall have the privilege of performing any of Lessee's covenants or of curing any defaults by Lessee or of exercising any election, option or privilege conferred upon Lessee by the terms of the Lease.

(c) Lessor shall not terminate this Facilities Lease or Lessee's right of possession for any default of Lessee if, if after notice to the Mortgagee as provided in subsection (a) above, (i) with respect to any monetary default, within a period of sixty (60) days after the expiration of the period of time in which Lessee could have cured the default, such default is cured, or (ii) with respect to any non-monetary default, if within a period of one hundred twenty (120) days after the expiration of the period of time in which Lessee could have cured the default, such default is cured subject to Section 17.1 hereof.

(d) Intentionally Omitted.

(e) Intentionally Omitted.

(f) Lessor shall recognize any Mortgagee or any assignee of any Mortgagee if such Mortgagee or assignee becomes successor to Lessee following any foreclosure (or deed in lieu of foreclosure) of Lessee's leasehold interest in the Bond Financed Property, subject to Section 18.1 above. Lessor shall execute reasonable subordination, non-disturbance or attornment agreements as may be requested by a Mortgagee, provided any such agreement is consistent with the foregoing, and in form and substance reasonably acceptable to Lessor. Notwithstanding the foregoing, the Mortgagee or any assignee of any Mortgagee who becomes successor to Lessee must strictly abide under the terms of this Facilities Lease.

20. Events of Default and Remedies.

20.1. Each of the following occurrences shall constitute an “*Event of Default*” by Lessee under this Facilities Lease:

(a) The failure of Lessee to pay Rent or rental as and when due hereunder and the continuance of such failure for a period of sixty (60) days thereafter;

(b) The failure of Lessee to procure and maintain the insurance required by Section 11 of this Facilities Lease, or to provide evidence of such insurance as required herein, and the continuance of either such failure for a period of three (3) business days after written request therefor by Lessor; furthermore, in such event, Lessor shall be authorized (but not required) to procure such insurance coverage(s) in the amount(s) required by this Facilities Lease with all costs thereof to be reimbursed to Lessor by Lessee within thirty (30) days after written demand by Lessor with interest thereon at the rate set forth in Section 28 hereof from the date incurred by Lessor to the date reimbursed and paid by Lessee;

(c) The failure of Lessee to perform, comply with or observe any other agreement, obligation, covenant, condition, or undertaking of Lessee, or any other term, condition or provision, in each case under this Facilities Lease in any material respect, and the continuance of such failure for a period of one-hundred and twenty (120) days after written notice from Lessor to Lessee specifying the failure; or if such default is of a nature that it cannot with reasonable effort be completely remedied within said period of 120 days, then such additional time as is reasonably necessary to complete such cure provided that Lessee has commenced such cure within the initial one-hundred and twenty (120) day period and diligent continues to pursue the same to completion;

(d) The filing of a petition by or against Lessee (i) in any bankruptcy or other insolvency proceeding, (ii) seeking any relief under the Bankruptcy Code of the United States or any similar debtor relief law, or (iii) for the appointment of a liquidator or receiver for all or substantially all of Lessee’s property or for Lessee’s interest in this Facilities Lease and as to any such matter commenced against Lessee by an unrelated third party that remains undismissed, undischarged, unstayed or unbonded for a period of ninety (90) days;

(e) If the interest of Lessee under this Facilities Lease shall, by operation of law, be transferred or passed to or devolve upon any other person, firm or corporation in violation of the terms of this Facilities Lease without Lessor’s written consent in cases in which such written consent is required hereunder;

(f) If Lessee shall voluntarily abandon, desert, or vacate the Bond Financed Property, or voluntarily discontinue its operation thereon for a period of more than two (2) consecutive months and such periods as may be extended by Force Majeure;

(g) The admission by Lessee in writing that it cannot meet its obligations generally as they become due or the making by Lessee of an assignment for the benefit of its creditors; and

(h) an Event of Default, as therein defined, occurs and continues beyond any cure under the Ground Lease or the Indenture.

20.2. Remedies. Upon the occurrence of and during the continuation of any Event of Default, Lessor may, at Lessor’s option and in addition to all other rights, remedies and recourses afforded Lessor hereunder or by law or equity (but excluding any right of non-judicial eviction), but subject to any rights of any Mortgagee or Successor herein described (including the rights of the Trustee under the Jefferson Deed of Trust), terminate this Facilities Lease by the giving of written notice to Lessee (with a copy to the Trustee), in which event Lessee shall pay to Lessor upon demand the sum of (i) all Rent and other amounts accrued hereunder to the date of termination, (ii) all amounts due under Section 20.3 and (iii) liquidated damage in an amount equal to (a) the total Rent that Lessee would have been required to pay for the remainder of the Lease Term of this Facilities Lease minus (b) the then present fair rental value of the Bond Financed Property for such period, with such difference discounted to present value at a discount rate reasonably designated by Lessor. Neither Mortgagee or Successor shall be responsible for such liquidated damages unless and until the obligations of Lessee under this Facilities Lease shall be assumed as herein provided.

20.3 Landlord’s Right to Pay or Perform. If Lessee fails to perform or observe any of its covenants, agreements, or obligations hereunder for a period of thirty (30) days after written notice of such failure is given by Lessor, then in addition to all other rights of Lessor provided herein Lessor shall have the right, but not the obligation, at its sole election (but not as its exclusive remedy), to perform or observe the covenants, agreements, or obligations which are asserted to have not been performed or observed at the expense of Lessee and to recover all reasonable costs or expenses incurred in connection therewith. Any performance or observance by Lessor pursuant to this Section 20.3 shall not constitute a waiver of Lessee’s failure to perform or observe.

20.4 Injunctive Relief; Remedies Cumulative. Lessor may restrain or enjoin any Event of Default or threatened Event of Default by Lessee hereunder without the necessity of proving the inadequacy of any legal remedy or irreparable harm. The rights, remedies and recourses of Lessor for an Event of Default shall be cumulative and no right, remedy or recourse of Lessor, whether exercised by Lessor or not, shall be deemed to be in exclusion of any other.

20.5 No Waiver; No Implied Surrender. Provisions of this Facilities Lease may not be waived orally or impliedly, but only by the party entitled to the benefit of the provision evidencing the waiver in writing. Thus, subject to the Lessee's right to cure as otherwise provided in this Facilities Lease neither the acceptance of rental by Lessor following an Event of Default (whether known to Lessor or not), nor any other custom or practice followed in connection with this Facilities Lease, shall constitute a waiver by Lessor of such Event of Default or any other Event of Default. Further, the failure by Lessor to complain of any action or inaction by Lessee, or to assert that any action or inaction by Lessee constitutes (or would constitute, with the giving of notice and/or the passage of time) an Event of Default, regardless of how long such failure continues, shall not extinguish, waive or in any way diminish the rights, remedies and recourses of Lessor with respect to such action or inaction. No waiver by Lessor of any provision of this Facilities Lease or of any breach by Lessee of any obligation of Lessee hereunder shall be deemed to be a waiver of any other provision hereof, or of any subsequent breach by Lessee of this Facilities Lease. Lessor's consent to any act by Lessee requiring Lessor's consent shall not be deemed to render unnecessary the obtaining of Lessor's consent to any subsequent act of Lessee. No act or omission by Lessor (other than Lessor's execution of a document acknowledging such surrender) or Lessor's agents, including the delivery of the keys to the Bond Financed Property, shall constitute an acceptance of a surrender of the Bond Financed Property.

20.6 Lessee's Rights with respect to the Bonds. Capitalized terms used in this Section 20.6 but not otherwise defined herein shall have the respective meanings provided in the Indenture.

(a) The Lessor shall not take any action herein described permitted under the Indenture without the express written consent of the Lessee:

- (i) Issue Additional Bonds in accordance with the Indenture;
- (ii) Execute and deliver, or amend, supplement or otherwise modify, or waive any provision of, any Remarketing Agreement in connection with the Bonds;
- (iii) Terminate or appoint any Depository or Trustee;
- (iv) Accept, substitute, amend, supplement or otherwise modify any Liquidity Facility or Credit Facility;
- (v) Redeem any Bonds pursuant to the optional redemption provisions of the Indenture or the Bonds;
- (vi) Purchase Bonds in lieu of optional redemption;
- (vii) Amend, supplement or otherwise modify, or waive any provision of, the Indenture or the Bonds; or
- (viii) Direct, or take any other action with respect to, the investment of funds, the application or disposition of trust monies, or the withdrawal or deposit of any amounts in any accounts or Funds pursuant to the Indenture.

Notwithstanding the foregoing, if Lessee fails to complete construction of the New Property, or otherwise defaults with respect to its construction obligations, Lessor may complete such construction or remedy such construction default, and if there are funds available in the Project Fund (as defined in the Indenture) or other Funds pursuant to the Indenture, then Lessor may, without Lessee's consent, request that Trustee disburse such Funds to allow Lessor to complete such construction or remedy such construction default.

(b) The Lessor shall take the following action permitted under the Indenture at the direction of the Lessee:

- (i) Pay any mutilated, lost, destroyed or stolen Bond which has become or is about to become due and payable to the extent required by Section 2.06 of the Indenture; provided the Lessee has provided funds for such purpose to the Trustee;

(ii) Designate (i) the aggregate principal amount of then Outstanding Initial Bonds that shall be remarketed as Initial Bonds on an Initial Bonds Remarketing Date (as defined in the Indenture), (ii) the aggregate principal amount of Initial Bonds to be converted to another Interest Mode on an Initial Bonds Remarketing Date and (iii) the Interest Mode or Interest Modes to which such Multi-Modal Bonds shall convert, all in accordance with Section 2.08(h) of the Indenture;

(iii) Convert Daily Rate Bonds, Commercial Paper Rate Bonds, Weekly Bonds and Initial Bonds to another Interest Mode determined by the Lessor, as provided in Section 2.12 of the Indenture;

(iv) Execute and deliver, amend, supplement or otherwise modify any Remarketing Agreement;

(v) Distribute to the Lessee funds remitted to the Lessor pursuant to the Indenture;

(vi) Redeem Bonds subject to optional redemption (provided that Lessee shall provide funds to the Trustee sufficient to pay the principal of and interest on the Bonds on the redemption date therefor);

(vii) Purchase Bonds in lieu of redemption or designate the purchaser in lieu of redemption (provided that Lessee shall provide funds to the Trustee sufficient to pay the principal of and interest on the Bonds on the purchase date therefor);

(viii) Terminate or appoint any Depository or Trustee; and

(ix) Execute and deliver an amendment, supplement or other modification to, or waiver of any provisions of, the Indenture or the Bonds.

(c) Promptly upon receipt thereof, the Lessor shall deliver a copy of any notice received by the Lessor from the Trustee under the Indenture or from the Remarketing Agent under the Remarketing Agreement.

(d) If Lessor shall fail to take any action specified in this Section 20.6, or shall take action in violation hereof, Lessee shall be entitled to notify Trustee in writing (a copy of which shall also be delivered to Lessor) with respect thereto and direct the cure of such action or failure to act. In the written direction to the Trustee, Lessee shall state that such direction is given properly in accordance with this Section 20.6(d) and Trustee shall be entitled to rely conclusively thereon and to comply without investigation with such notice and direction.

20.7 Lessee's Obligations with respect to the Bonds. Lessee hereby agrees as follows:

(a) The Lessee agrees to provide the Remarketing Agent, at the expense of the Lessee, with copies of such financial information and financial statements relating to the Lessee, Jefferson Holdings and Fortress Transportation and Infrastructure Investors LLC ("*FTAI*") as they become available in such quantities as may be reasonably requested from time to time by the Remarketing Agent and as shall be satisfactory to the Lessee, and the Lessee further agrees to supply such additional material relating to the Lessee or obtain such other information relating to the Lessee, Jefferson Holdings or FTAI or respond to such questions relating to the Lessee, Jefferson Holdings or FTAI as may be appropriate and which the Lessee can obtain without unreasonable effort and expense for the purpose of (a) verifying the information relating to the Lessee, Jefferson Holdings or FTAI contained in the Remarketing Circular or in the documents relating to the Lessee, Jefferson Holdings or FTAI incorporated by reference therein or in any amendments and supplements thereto and (b) preparing a new remarketing statement upon the mandatory tender of the Bonds in connection with establishing an Interest Mode as provided in the Indenture or preparing other remarketing statements as deemed necessary by the Remarketing Agent.

(b) The Lessee hereby agrees to notify the Remarketing Agent of any material adverse change in the financial status of the Lessee, Jefferson Holdings or FTAI, after the date hereof.

(c) Lessee hereby agrees to pay all fees and expenses under any Remarketing Agreement executed with the consent of the Lessee.

21. Relation of the Parties. It is the intention of the parties to create hereby the relationship of landlord and tenant, and no other relation is hereby created. Nothing in this Facilities Lease shall be construed to make the parties partners or joint venturers or to render either party liable for any obligation of the other except as described herein.

22. Public Disclosure. Lessor is a governmental authority subject to the requirements of the Texas Open Meetings Act and the Texas Open Records Act (Chapters 551 and 552, Texas Government Code), and as such Lessor is required to disclose to the public (upon request) this Facilities Lease and certain other information and documents relating to the consummation of the transactions contemplated hereby. In this regard, Lessee agrees that the disclosure of this Facilities Lease or any other information or materials related to the consummation of the transactions contemplated hereby to the public by Lessor as required by the Texas Open Meetings Act, Texas Open Records Act, or any other Legal Requirement will not expose Lessor (or any party acting by, through or under Lessor) to any claim, liability, or action by Lessee.

23. Notices. All notices and other communications given pursuant to this Facilities Lease shall be in writing and shall either be mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested, and addressed as set forth in this Section 23, or delivered in person to the intended addressee, or sent by prepaid telegram, facsimile or telex followed by a confirmatory letter. Notice mailed in the aforesaid manner shall become effective three (3) business days after deposit; notice given in any other manner, and any notice given to Lessor, shall be effective only upon receipt by the intended addressee. For the purposes of notice, the address of:

Mr. David C. Fisher, Port Director, CEO
Port of Beaumont Navigation District of Jefferson County, Texas
Post Office Drawer 2297
Beaumont, Texas 77704
Facsimile: 409-835-0512

With a copy to:

Guy N. Goodson, Esq.
GERMER PLLC
550 Fannin, Suite 400
Beaumont, Texas 77701
Telephone: 409.654.6700
Facsimile: 409.835.2115

For Lessee:

Jefferson Railport Terminal II LLC
c/o Jefferson Energy Companies
9595 Six Pines Drive, STE 6370
The Woodlands, TX 77380
Attn: Chief Operating Officer

with a copy to:

Fortress Investment Group LLC
1345 Avenue of the Americas
New York, New York 10105
Attention: R. Nardone
Facsimile: (212) 798-6120
Telephone: (212) 798-6110

Each party shall have the continuing right to change its address for notice hereunder by the giving of thirty (30) days' prior written notice to the other party.

24. Entire Agreement, Amendment and Binding Effect. This Facilities Lease constitutes the entire agreement between Lessor and Lessee relating to the subject matter hereof and all prior agreements relative hereto that are not contained herein are terminated; provided, however, that the Ground Lease is not hereby terminated. This Facilities Lease may be amended only by a written document duly executed by Lessor and Lessee, and any alleged amendment which is not so documented shall not be effective as to either party. The provisions of this Facilities Lease shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, and permitted successors and assigns; provided, however, that this Section 24 shall not negate, diminish or alter the restrictions on transfers applicable to Lessee set forth elsewhere in this Facilities Lease.

25. Severability. This Facilities Lease is intended to be performed in accordance with and only to the extent permitted by all Legal Requirements. If any provision of this Facilities Lease or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of the invalidity or unenforceability does not destroy the basis of the bargain between the parties as contained herein, the remainder of this Facilities Lease and the application of such provision to other persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by law.

26. Construction. Unless the context of this Facilities Lease clearly requires otherwise, (a) pronouns, wherever used herein, and of whatever gender, shall include natural persons and corporations and associations of every kind and character; (b) the singular shall include the plural wherever and as often as may be appropriate; (c) the term “includes” or “including” shall mean including without limitation; and (d) the words “hereof” or “herein” refer to this entire Lease and not merely the Section or Article number in which such words appear. Article and Section headings in this Facilities Lease are for convenience of reference and shall not affect the construction or interpretation of this Facilities Lease. Any reference to a particular “Article” or “Section” shall be construed as referring to the indicated article or section of this Facilities Lease.

27. Attorneys’ Fees. If that any party hereto institutes an action or proceeding for a declaration of the rights of the parties under this Facilities Lease, for injunctive relief, for an alleged breach or default of, or any other action arising out of this Facilities Lease, or the transactions contemplated hereby, or if any party is in default of its obligations pursuant thereto, the prevailing party shall be entitled to its actual and reasonable attorneys’ fees and to any court costs incurred in addition to any other damages or relief awarded.

28. Interest on Tenant’s Obligations. Any amount due from Lessee to Lessor that is not paid when due shall bear interest at the maximum rate allowed by law (or, if there is no maximum rate, at ten percent per annum or the amount as provided for in the Indenture) compounded annually from the date such payment is due until paid, but the payment of such interest shall not excuse or cure the default in payment.

29. Authority. The person executing this Facilities Lease on behalf of Lessee personally warrants and represents unto Lessor that (a) (if applicable) Lessee is a duly organized and existing legal entity, in good standing in the State of Texas (b) Lessee has full right and authority to execute, deliver and perform this Facilities Lease, (c) the person executing this Facilities Lease on behalf of Lessee was authorized to do so and (d) upon request of Lessor, such person will deliver to Lessor satisfactory evidence of his or her authority to execute this Facilities Lease on behalf of Lessee.

30. Incorporation by Reference. Exhibits A, B, C, D and E hereto are incorporated herein for any and all purposes.

31. Force Majeure. Lessee shall be entitled to rely upon force majeure as an excuse for timely performance hereunder (except for the payment of Rent) and shall not be entitled to rely upon force majeure as an excuse for timely performance unless Lessee (a) uses its best efforts to overcome the effects of the event of force majeure, (b) gives written notice to Lessor within thirty (30) days after the occurrence of the event describing with reasonable particularity the nature thereof, (c) commences performance of its obligation hereunder immediately upon the cessation of the event and (d) gives written notice to Lessor within thirty (30) days after the cessation of the event advising Lessor of the date upon which the event ceased to constitute an event of force majeure.

“**Force Majeure**” shall mean:

(a) acts of God, landslides, lightning, earthquakes, hurricanes, tornadoes, blizzards and other adverse and inclement weather, fires, explosions, floods, acts of public enemy, wars, blockades, insurrections, riots or civil disturbances;

(b) labor disputes, strikes, work slowdowns, or work stoppages but nothing herein contained shall require the party subject to such labor disputes, strikes, work slowdowns, or work stoppages to settle or otherwise resolve same;

(c) orders or judgments of any federal, state or local court, administrative agency or governmental body, if not the result of willful or negligent action of the party relying thereon;

(d) power failure and outages affecting the Bond Financed Property; and

(e) any other similar cause or event, provided that the foregoing is beyond the reasonable control of the party claiming force majeure.

No Force Majeure event shall excuse performance for a period longer than ninety (90) days without consent of Lessor not to be unreasonably withheld. No Force Majeure shall excuse payments of Rent or other payment obligations.

32. Interpretation. Both Lessor and Lessee and their respective legal counsel have reviewed and have participated in the preparation of this Facilities Lease.

33. Multiple Counterparts. This Facilities Lease may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one instrument.

34. No Third Party Beneficiaries. This Facilities Lease does not and is not intended to confer any rights or remedies upon any person other than the parties.

EXECUTED this 7th day of March, 2016.

PORT OF BEAUMONT NAVIGATION
DISTRICT OF JEFFERSON COUNTY
TEXAS

By: /s/ David C. Fisher
David C. Fisher
Port Director, CEO

EXECUTED this 7th day of March, 2016.

JEFFERSON RAILPORT TERMINAL II LLC

By: /s/ Alfred Salazar
Alfred Salazar
Authorized Signatory

Exhibit D

Facilities Lease Rent

[To be attached only if, and after, the remarketing of the Series 2016 Bonds as Fixed Rate Bonds.]

Exhibit E

Development Obligations

Section 1.0. Defined Terms. For purposes of this Exhibit E, the following terms shall have the following meanings:

“**Code**” means, with respect to the Series 2016 Bonds, the Internal Revenue Code of 1986, as amended or such other successor federal income tax law, to the extent applicable.

“**Lessee’s Tax Certificate**” means the certificate signed by Lessee relating to representations and covenants concerning the tax exemption of the Series 2016 Bonds.

“**Project**” means (a) the Existing Property, as more fully described in Exhibit B to the Facilities Lease, and (b) the New Property as more fully described in Exhibit C to the Facilities Lease, which are financed with proceeds of the Series 2016 Bonds.

“**Project Costs**” means to the extent authorized or not prohibited by the Code, the Regulations, the Lessee’s Tax Certificate, and other applicable law, all costs reasonably incurred by the Lessor or the Lessee to construct the Existing Property and to acquire, construct, complete and install the New Property, whether paid or incurred prior to or after the date of the Facilities Lease; the Lessor’s and Trustee’s charges and expenses in connection with issuance of the Series 2016 Bonds.

“**Project Fund**” means the special fund established in the name of the Lessor with the Trustee pursuant to Section 4.06 of the Indenture.

“**Regulations**” means the applicable proposed, temporary or final Income Tax Regulations promulgated under the Code, as such regulations may be amended or supplemented from time to time.

“**Trustee**” means the trustee at the time serving as such under the Indenture.

Section 1.1 Approvals and Permits. Lessee has obtained or will obtain all licenses and permits necessary with respect to any acquisition, construction, reconstruction, improvement, expansion, or operation, as the case may be, of the New Property and all necessary approvals from any governmental bodies or agencies having jurisdiction in connection therewith.

Section 1.2 Changes in the Plans and Specifications. Any changes to the plans and specifications for the New Property after the Effective Date shall be approved prior to the commencement of construction of such changes to the New Property, by a duly authorized officer of Lessee and Lessor and Lessee may not make changes in, additions to, or deletions from the plans and specifications unless (a) the New Property shall continue to constitute facilities of the type that may be financed by Lessor under applicable law, (b) any required approvals of such changes, additions, or deletions have been obtained from any governmental bodies or agencies having jurisdiction, (c) Lessee shall have received the written approval of Lessor with respect to any such changes, additions or deletions (which approval may be granted or withheld in the discretion of the Lessor not to be unreasonably withheld), and (d) Lessor, at Lessor’s expense, receives a Tax Opinion (as defined in the Indenture).

Section 1.3 Disbursements of the 2016 Bond Proceeds. The proceeds received from the sale of the Series 2016 Bonds shall be applied in accordance with the Indenture and as follows. The Lessor shall not request disbursement by the Trustee of proceeds received from the sale of the Series 2016 Bonds for any New Property unless:

(a) A guaranteed maximum price construction contract with respect to the New Property covered by such disbursement shall have been executed (including a contractor completion guaranty with a contractor of good reputation and ability) and such contract shall provide for draws against milestones approved by the Lessor in its sole discretion. Such construction contract will be collaterally assigned to the Trustee pursuant to the Jefferson Deed of Trust.

(b) The capital budget for the construction of the New Property is in balance and will remain in balance after such disbursement - in other words, after disbursement of any requested amount, the sum of all disbursements made for New Property shall not exceed the total of the construction costs set forth in the capital budget for all such New Property for which disbursements have been made, and Lessee shall have certified in writing to Lessor that Lessee expects that the construction of all New Property will be completed for the balance of the proceeds received from the sale of the Series 2016 Bonds together with its funds on hand or available from committed sources. Lessor may refuse to approve any disbursement request for New Property if the capital budget is or will not be in balance, unless Lessee either (i) pays Project Costs from sources other than the proceeds

received from the sale of the Series 2016 Bonds in an amount sufficient to bring the capital budget for the construction of the New Property back in balance (and provides paid receipts or releases to Lessor as evidence of such payment) or (ii) revises the capital budget for the construction of the New Property in a manner that brings the capital budget for the construction of the New Property back in balance, which may include revising the scope and/or features of the New Property, and such revised budget is approved by the Lessor in its sole discretion. If the revisions to the capital budget would reduce the scope, features, amount or type of New Property to be constructed, then when any such reduction is submitted to Lessor for approval, it shall be accompanied by a certification from a senior officer of Lessee that such reduction will not result in a reduction of the projected operating income from the Project that would materially impair Lessee's ability to pay its operating expenses, including without limitation rent under the Ground Lease and Rent pursuant to the Facilities Lease or adversely affect the tax-exempt status of interest on the Bonds.

(c) Each disbursement request shall have been approved by an independent construction monitor engaged and paid for by Lessee, and approved by Lessor in its sole discretion. The construction monitor hired for the POB I project by the holders of the Series 2012 Bonds previously issued by Lessor is deemed approved. The independent construction monitor's approval shall include a representation that the Project is on budget and that the capital budget for the construction of the New Property is in balance and will remain in balance after such disbursement.

Section 1.4 Inspection of the Project. Lessee agrees that Lessor, the Trustee and their duly authorized agents may, at reasonable times as reasonably determined by Lessee, enter upon the Site and examine and inspect the Existing Property, the New Property, and the Project and, upon the occurrence of an Event of Default, the books and records of Lessee that relate to the New Property and Project.

Section 1.5 Nonsectarian Use of the Project. Lessee and Lessor intend that the Facilities Lease and use of the 2016 Bond proceeds and all other transactions provided for in the Facilities Lease be made in strict compliance with all applicable law and constitutional provisions of the United States and the State. Accordingly, Lessee agrees that to the full extent required from time to time by applicable law and constitutional provisions of the United States and the State in order for the lease to Lessee and all other transactions provided for in the Facilities Lease to be made and effected in compliance with such laws and constitutional provisions: (a) no part of the Project financed in whole or in part with proceeds of the Series 2016 Bonds shall be used for sectarian instruction or as a place of religious worship; (b) notwithstanding the payment in full of the Series 2016 Bonds, and notwithstanding the termination of the Facilities Lease, each such part of the Project will continue to be subject to the restrictions set out in clause (a) of this Section 1.5 for so long as it is leased or used by Lessee, or any voluntary grantee of Lessee, provided, the continuance of such restriction is necessary to preserve the exemption from federal income taxation of interest on the Series 2016 Bonds under the Code. Provided, however, that to any extent that a restriction or agreement set out in this Section 1.5 shall at any time not be required in order for the lease to Lessee and all other transactions provided for in the Facilities Lease to be made and effected in compliance with applicable constitutional provisions of the United States and the State, such restriction or agreement shall, to that extent and without necessary action by any party, be without any force or effect; and provided further, that in no event shall such restriction or agreement set out in this Section 1.5 be more expansive than required by an applicable constitutional provision.

Section 1.6 Project Fund. If the moneys in the Project Fund available for the payment of the Project Costs are not sufficient to pay the Project Costs in full, Lessee agrees that Lessee shall be responsible to pay all the Project Costs in excess of the moneys available therefor in the Project Fund from its own funds. Lessor does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Project Costs will be sufficient to reimburse Lessee for all Project Costs; Lessor shall have no obligation to complete Project or to guarantee completion of the Project. Lessee agrees that if, after exhaustion of the moneys in the Project Fund, Lessee directly pays all Project Costs pursuant to the provisions of this Section 1.6, it shall not be entitled to any diminution or abatement of the Rent or any other amounts payable under the Facilities Lease.

Section 1.7 Procedure Upon Completion of Project. Promptly upon completion of the Project, Lessee shall furnish to the Trustee and Lessor its certificate showing such completion and the date thereof ("**Completion Date**"), and certifying that all construction has been completed in accordance with the Plans and Specifications relating thereto and in accordance with the requirements necessary to fulfill the assumptions regarding useful life contained in the Engineer's Report. In addition, Lessee shall deliver to Lessor one complete set of as-built plans and specification for the New Property, certified as accurate by Lessee and its general contractor(s); one record set of "*as built*" specifications legibly marked so as to indicate the manufacturer, trade name, catalog number, and supplier of each product and item of equipment actually installed; one hard copy and one electronic copy on CD of all operating instructions and maintenance recommendations for all New Equipment, including, without limitation, a printed parts list for all items that might be subject to replacement, including all information necessary to operate and make full and efficient use of all New Equipment and to perform such maintenance and servicing as would ordinarily be done by a prudent owner; all written guarantees and warranties relating to the New Equipment; and an affidavit of bills paid substantially in the form of AIA Document G706 executed by each Contractor and any other subcontractor that Lessor requires, together with appropriate final unconditional lien waivers.

Exhibit 10.12

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT

From

JEFFERSON RAILPORT TERMINAL II LLC
as Grantor

To

CARLTON G. MORGAN
as Deed of Trust Trustee for the benefit of

THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION
as Beneficiary

Dated as of: March 7, 2016
Relating to Premises in:
Jefferson County, Texas

After recording, please return to:
The Bank of New York Trust Company, National Association
601 Travis Street, Floor 16
Houston, Texas 77002
Attention: Corporate Trust Department

THIS LEASEHOLD DEED OF TRUST SECURES FUTURE ADVANCES

STATE OF TEXAS)

COUNTY OF JEFFERSON)

LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT

This **LEASEHOLD DEED OF TRUST AND SECURITY AGREEMENT** (this “Deed of Trust”) is dated as of March 7, 2016 (the “Effective Date”), by **JEFFERSON RAILPORT TERMINAL II LLC**, a Delaware limited liability company (the “Grantor”) having its chief executive office at c/o Jefferson Energy Companies, 9595 Six Pines Drive, Suite 6370, The Woodlands, TX 77380 in favor of **CARLTON G. MORGAN**, as trustee herein (hereinafter referred to in such capacity as “Deed of Trust Trustee”) having an address for notice at 601 Travis Street, Floor 16, Houston, Texas 77002 for the benefit of **THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION**, a national banking association, as trustee under the Indenture (defined below) (hereinafter referred to in such capacity as the “Beneficiary”), whose address for notice hereunder is 601 Travis Street, Floor 16, Houston, Texas 77002, Attention: Corporate Trust Department, for the benefit of Trustee (as defined in the Indenture) and the Holders of the Bonds (as defined in the Indenture) (collectively, the “Secured Parties”).

PRELIMINARY STATEMENT

This Deed of Trust is being delivered and accepted by Beneficiary to grant a deed of trust lien and security interest on the Grantors interest under the Mortgaged Leases to secure the Obligations as described below.

The Port of Beaumont Navigation District of Jefferson County, Texas (the “District”) was organized, created and established pursuant to the Constitution and the laws of the State of Texas as a conservation and reclamation district under Article XVI, Section 59, of the Texas Constitution, and pursuant to Chapter 147, Acts of the 51st Legislature of Texas, Regular Session, 1949, as amended (the “Enabling Act”).

The District proposes to finance improvements to the port facilities of the District; and

The District has determined that it is appropriate that it issue its Dock and Wharf Facility Revenue Bonds, Series 2016 (Jefferson Energy Companies Project) (the “Series 2016 Bonds”) to (i) reimburse and pay Jefferson Railport Terminal II LLC, a Delaware limited liability company, Grantor herein, for the development, construction and acquisition of certain facilities for the transport, loading, unloading and storage of petroleum products; (ii) pay capitalized interest during construction and (iii) pay certain costs of issuance of the Series 2016 Bonds (collectively, the “Project”).

Certain improvements have been constructed by Grantor on behalf of the District, on property leased to Grantor by the District pursuant to an Agreement and Lease, dated August 27, 2013 and subsequently amended by an Amendment to Agreement and Lease, dated December 30, 2013 and a Second Amendment to Agreement and Lease, dated October 27, 2016 (the “Original Lease”) and a First Amended and Restated Lease Agreement dated as February 1, 2016 (together with the

Original Lease, the "Ground Lease"), by and between Grantor, as successor to Port of Beaumont Petroleum Transload Terminal II, LLC and the District.

To achieve the purposes for which the Series 2016 Bonds will be issued (i) the District will reimburse Grantor for the improvements constructed by Grantor on behalf the District under the Ground Lease; (ii) Grantor, pursuant to a Lease and Development Agreement, dated as of February 1, 2016 (the "Facilities Lease"), between the District and Grantor, will construct additional improvements on behalf of the District (together with such improvements constructed by Grantor on behalf the District under the Ground Lease, the "Bond Financed Property") and (iii) Grantor will lease the Bond Financed Property from the District pursuant to the terms and conditions of the Facilities Lease.

The Series 2016 Bonds are to be issued pursuant to the provisions of the Enabling Act, Chapter 60, Texas Water Code, as amended, and Chapter 1201, Texas Government Code, as amended (together, the "Act") and other applicable laws of the State of Texas and will be secured by a Trust Indenture and Security Agreement, dated as of February 1, 2016 (the "Indenture") between the District and Beneficiary.

It is anticipated that the principal of the Series 2016 Bonds, plus any accrued and unpaid interest, will be paid on the "First Initial Bonds Remarketing Date" (as defined in the Indenture) using proceeds from the remarketing of the Series 2016 Bonds; provided, however, that if the Series 2016 Bonds have not been repurchased with proceeds of remarketing or redeemed, or defeased to a date, on or prior to the First Initial Bonds Remarketing Date, the Series 2016 Bonds will be purchased by FTAI Energy Partners LLC, a Delaware limited liability company ("FTAI Energy") and Grantor pursuant to a Standby Bond Purchase Agreement, dated as of February 1, 2016 (the "Standby Bond Purchase Agreement"), among the District, Grantor, FTAI Energy and Beneficiary, which Standby Bond Purchase Agreement will be entered into as further security for the Series 2016 Bonds.

The Series 2016 Bonds will be special limited obligations of the District payable solely from the "Trust Estate" (as defined in the Trust Indenture) and the Series 2016 Bonds shall never constitute an indebtedness or general obligation of the District, the State of Texas or any other political subdivision of the State of Texas, within the meaning of any constitutional provision or statutory limitation whatsoever.

To secure its obligations under the Indenture, the District has assigned certain Pledged Revenues to Beneficiary pursuant to the Indenture, including Facilities Lease Rent, as defined in the Facilities Lease, payable by Grantor.

To secure Grantor's obligations to pay Facilities Lease Rent under the Facilities Lease (which constitute Pledged Revenues assigned to Beneficiary pursuant to the Indenture) in accordance with the Facilities Lease, and its and FTAI Energy's obligations under the Standby Purchase Agreement, in each case as and when due, including all renewals, extensions, and modifications of the same (collectively the "Obligations"), Grantor is executing and delivering this Deed of Trust and Security Agreement.

This Deed of Trust constitutes a “construction mortgage” as described in Section 9.334 of the Texas Business and Commerce Code to the extent that it secures an obligation incurred for the construction of the Improvements.

AGREEMENT

DEFINITIONS

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the document noted in this Deed of Trust, or where not noted, in the Facilities Lease and the Standby Bond Purchase Agreement as defined herein. As used herein, the following terms shall have the following meanings:

“Bankruptcy Code” shall have the meaning assigned to such term in Section 5.5 (iii) hereof.

“Bankruptcy Law” shall mean the Bankruptcy Code and any other state or federal insolvency, reorganization, moratorium or similar law for the relief of debtors.

“Event of Default” means the failure to pay and perform the Obligations as required under the Facilities Lease and the Standby Purchase Agreement, as applicable, which failure exists beyond the cure periods that exists therein.

“Governmental Authority” means any administrative or governmental body having jurisdiction.

“Landlord” means any landlord, lessor, sublandlord, sublessor, franchisor, licensor or grantor, as applicable.

“Material Adverse Effect” means a material adverse effect occurring after the Effective Date on the business, assets, property or financial condition of the Mortgagor, taken as a whole, that would render the Mortgagor unable to perform the Obligations.

“Mortgaged Leases” means, collectively, (i) the Ground Lease and (ii) the Facilities Lease, in each case, together with all assignments, modifications, extensions and renewals of the Mortgaged Leases and all credits, deposits, options, privileges and rights of the Grantor as tenant under the Mortgaged Leases, including, but not limited to, rights of first refusal, if any, and the right, if any, to renew or extend the Mortgaged Leases for a succeeding term or terms and the option to purchase, if any, all or any portion of the Premises demised under the Mortgaged Leases.

“Permitted Encumbrances” means those matters currently of public record and any additional matter that does not (i) have a material adverse effect on the value of the Leasehold Trust Estate, taken as a whole or (ii) materially adversely impair the Grantor’s ability to complete or operate the Project (as defined in the Indenture).

“Taxes” means any present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Tenant” means any tenant, lessee, sublessee, franchisee, licensee, grantee or obligee, as applicable.

“365(h) Election” shall mean the Grantor’s election to treat the Mortgaged Lease as terminated under Section 365(h) of the Bankruptcy Code or any similar Bankruptcy Law, or any comparable right provided under any other Bankruptcy Law, together with all rights, remedies and privileges related thereto.

GRANTING CLAUSE

NOW, THEREFORE, IN CONSIDERATION OF the foregoing and subject to the last paragraph of this granting clause, as security for the payment or performance, as the case may be, in full of the Obligations, the Grantor does, by these presents, hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN and SET OVER to the DEED OF TRUST TRUSTEE, in trust with power of sale and right of entry and possession, for the use and benefit of the BENEFICIARY for the benefit of the Secured Parties any and all of Grantor’s present and future rights, title and interest in, to, under and derived from or with respect to all of the following described property, including, but not limited to, all fixtures, accessories, attachments, and equipment pertaining thereto, to-wit subject only to Permitted Encumbrances (the “Leasehold Trust Estate”):

(1) the leasehold estates of Grantor created by the Mortgaged Leases in the land more particularly described on Exhibit A-1 hereto (the “Land”), together with all rights appurtenant thereto, including the easements over certain other adjoining land granted by any easement or servitude agreements, covenant or restrictive agreements and all air rights, mineral rights, water rights, oil and gas rights and development rights, if any, relating thereto, and also together with all of the other easements, servitudes, rights, privileges, interests, hereditaments and appurtenances thereunto belonging or in any way appertaining and all of the estate, right, title, interest, claim or demand whatsoever of Grantor therein and in the streets and ways adjacent thereto, either in law or in equity, in possession or expectancy, now or hereafter acquire;

(2) the Mortgaged Leases;

(3) the interests, estates and other claims, both in law and equity, that Grantor now has or may hereafter acquire in all other easements, rights of way and rights used in connection with the Land or Improvements;

(4) all buildings, improvements, other constructions and other improvements of every kind or description and any component part or parts thereof, structures, paving, parking areas, walkways and landscaping now or hereafter erected or located upon the Land, and all fixtures of every kind and type affixed to the Premises or attached to or forming part of any structures, buildings or improvements and replacements thereof now or hereafter erected

or located upon the Land (the “Improvements”; and the Land and Improvements are collectively referred to herein as the “Premises”);

(5) all apparatus, appliances, building materials, equipment, fittings, furnishings, furniture, machinery and other articles of tangible personal property of every kind and nature, and replacements thereof, now or at any time hereafter placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Premises, including all of Grantor’s books and records relating thereto and including all pumps, tanks, goods, machinery, tools, equipment, lifts (including fire sprinklers and alarm systems, fire prevention or control systems, cleaning rigs, air conditioning, heating, boilers, refrigerating, electronic monitoring, water, loading, unloading, lighting, power, sanitation, waste removal, communications, computers, window or structural, maintenance, truck or car repair and all other equipment of every kind), walk-in coolers, signs (indoor and outdoor), computer systems, cash registers and inventory control systems, all HVAC equipment, electronic data processing, telecommunications or computer equipment, refrigeration, elevators, utility systems, drainage facilities, lighting facilities, all water, sanitary and storm sewer, drainage, electricity, steam, gas, telephone and other utility equipment and facilities, pipes, fittings and all other apparatus, equipment, furniture, furnishings, and articles used in connection with the use or operation of the Premises, it being understood that the enumeration of any specific articles of property shall in no way result in or be held to exclude any items of property not specifically mentioned (the “Personal Property.”);

(6) all general intangibles owned by Grantor and relating to design, development, operation, management and use of the Premises, all certificates of occupancy, zoning variances, building, use or other permits, approvals, authorizations and consents obtained from and all materials prepared for filing or filed with any governmental agency in connection with the development, use, operation or management of the Premises, all construction, service, engineering, consulting, leasing, architectural and other similar contracts concerning the design, construction, management, operation, occupancy and/or use of the Premises, all architectural drawings, plans, specifications, soil tests, feasibility studies, appraisals, environmental studies, engineering reports and similar materials relating to any portion of or all of the Premises, and all payment and performance bonds or warranties or guarantees relating to the Premises, all to the extent assignable (the “Permits, Plans and Warranties”);

(7) all now or hereafter existing leases or licenses (under which Grantor is landlord or licensor) and subleases (under which Grantor is sublandlord), concession, management, mineral or other agreements of a similar kind that permit the use or occupancy of the Premises for any purpose in return for any payment, or the extraction or taking of any gas, oil, water or other minerals from the Premises in return for payment of any fee, rent or royalty (collectively, “Leases”), and all agreements or contracts for the sale or other disposition of all or any part of the Premises, now or hereafter entered into by Grantor, together with all charges, fees, income, issues, profits, receipts, rents, revenues or royalties payable thereunder (“Rents”);

(8) all real estate tax refunds and all proceeds of the conversion, voluntary or involuntary, of any of the Leasehold Trust Estate into cash or liquidated claims and not otherwise payable to tenants under the Leases (“Proceeds”), including Proceeds of insurance maintained by the Grantor and condemnation awards, any awards that may become due by reason of the taking by eminent domain or any transfer in lieu thereof of the whole or any part of the Premises or any rights appurtenant thereto, and any awards for change of grade of streets, together with any and all moneys now or hereafter on deposit for the payment of real estate taxes, assessments or common area charges levied against the Leasehold Trust Estate, unearned premiums on policies of fire and other insurance maintained by the Grantor covering any interest in the Leasehold Trust Estate or required by the Indenture; and

(9) all extensions, improvements, betterments, renewals, substitutes and replacements of and all additions and appurtenances to, the Premises, the Personal Property, the Permits, Plans and Warranties, the easements and rights of way and the Leases, hereinafter acquired by or released to the Grantor or constructed, assembled or placed by the Grantor on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, deed of trust, conveyance, assignment or other act by the Grantor, all of which shall become subject to the lieu of this Deed of Trust as fully and completely, and with the same effect, as though now owned by the Grantor and specifically described herein.

ARTICLE I.

Representations, Warranties and Covenants of Grantor

Grantor agrees, covenants, represents and/or warrants as follows:

SECTION 1.1. Title, Deed of Trust Lien.

(a) Grantor has good and valid recorded leasehold interests in the Mortgaged Lease and the Premises leased thereunder subject only to Permitted Encumbrances. Grantor has title to the easements and rights of way subject to Permitted Encumbrances, other than with respect to the easements and rights of way listed on Schedule 1 hereto.

(b) This Deed of Trust has been duly executed and delivered by Grantor.

(c) The recordation of this Deed of Trust (i) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except filings necessary to perfect the lien of this Deed of Trust, (ii) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of Grantor or any order of any Governmental Authority, except to the extent such violation could not reasonably be expected to have a Material Adverse Effect, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon Grantor or its assets, or give rise to a right thereunder to require any payment to be made by Grantor, except to the extent such violation could not reasonably be expected

to have a Material Adverse Effect, and (iv) will not result in the creation or imposition of any lien on any asset of Grantor, except the lien of this Deed of Trust.

(d) This Deed of Trust when duly recorded in the public records of the county where the Premises are located will create a valid, perfected and enforceable lien upon and security interest in all of the Leasehold Trust Estate.

(e) Grantor will forever warrant and defend its title to the Leasehold Trust Estate, the rights of Deed of Trust Trustee and Beneficiary therein under this Deed of Trust and the validity and priority of the lien of this Deed of Trust thereon against the claims of all persons and parties except those having rights under Permitted Encumbrances.

SECTION 1.2. Obligations. Grantor expressly covenants and agrees to pay when due, and to timely perform, the Obligations in accordance with the terms of the Facilities Lease and the Standby Bond Purchase Agreement.

SECTION 1.3. Payment of Taxes, and Other Obligations. Grantor shall, in accordance with and subject to, the applicable provisions of the Mortgaged Leases, pay and discharge all Taxes and other obligations with respect to the Leasehold Trust Estate.

SECTION 1.4. Maintenance of Leasehold Trust Estate. Grantor will maintain the Premises and the Personal Property in the manner and to the extent required by the Mortgage Leases.

SECTION 1.5. Insurance. Grantor will keep or cause to be kept the Improvements and Personal Property insured against such risks, and in the manner, described in the Mortgaged Leases.

SECTION 1.6. Casualty Condemnation/Eminent Domain. In accordance with and to the extent required by the Indenture, Grantor shall give Beneficiary written notice of casualty or other damage to the Leasehold Trust Estate or any proceeding for the taking of the Leasehold Trust Estate or any portion thereof or interest therein under power of eminent domain or by condemnation or any similar proceeding.

SECTION 1.7. Assignment of Leases and Rents. To the maximum extent permitted by applicable law, (a) Grantor hereby irrevocably and absolutely grants, transfers and assigns to the Beneficiary all of its right title and interest in all Leases, together with any and all extensions and renewals thereof to Deed of Trust Trustee for purposes of securing and discharging the performance by Grantor of the Obligations. Grantor has not assigned or executed any assignment of, and will not assign or execute any assignment of, any Leases or the Rents payable thereunder to anyone other than to Beneficiary.

(b) To the maximum extent permitted by applicable law, and subject to Section 1.7(c), Grantor has assigned and transferred to Beneficiary all of Grantor's right, title and interest in and to the Rents now or hereafter arising from each Lease heretofore or hereafter made or agreed to by Grantor, it being intended that this assignment establish, subject to Section 1.7(c), an absolute

transfer and assignment of all Rents and all Leases to Beneficiary and not merely to grant a security interest therein. To the maximum extent permitted by applicable law, and subject to Section 1.7(c), so long as an Event of Default shall have occurred and be continuing, Beneficiary may in Grantor's name and stead (with or without first taking possession of any of the Leasehold Trust Estate personally or by receiver as provided herein) operate the Leasehold Trust Estate and rent, lease or let all or any portion of any of the Leasehold Trust Estate to any party or parties at such rental and upon such terms as Beneficiary shall, in its sole and reasonable discretion, determine, and may collect and have the benefit of all of said Rents arising from or accruing at any time thereafter or that may thereafter become due under any Lease in accordance with the Indenture;

(c) So long as an Event of Default shall not have occurred and be continuing, Beneficiary will not exercise any of its rights under Section 1.7(b), and Grantor shall receive and collect the Rents accruing under any Lease; but after the occurrence and during the continuance of any Event of Default, Beneficiary may, at its option, receive and collect all Rents and enter upon the Premises and Improvements through its officers, agents, employees or attorneys for such purpose and for the operation and maintenance thereof. Grantor hereby irrevocably authorizes and directs each tenant, if any, and each successor, if any, to the interest of any tenant under any Lease, respectively, to rely upon any notice of a claimed Event of Default sent by Beneficiary to any such tenant or any of such tenant's successors in interest, and thereafter to pay Rents to Beneficiary without any obligation or right to inquire as to whether an Event of Default actually exists and even if some notice to the contrary is received from the Grantor, who shall have no right or claim against any such tenant or successor in interest for any such Rents so paid to Beneficiary. Each tenant or any of such tenant's successors in interest from whom Beneficiary or any officer, agent, attorney or employee of Beneficiary shall have collected any Rents, shall be authorized to pay Rents to Grantor only after such tenant or any of their successors in interest shall have received written notice from Beneficiary that the Event of Default is no longer continuing, unless and until a further notice of an Event of Default is given by Beneficiary to such tenant or any of its successors in interest.

(d) Neither Deed of Trust Trustee nor Beneficiary will become a party in possession so long as it does not enter or take actual possession of the Leasehold Trust Estate. In addition, neither Deed of Trust Trustee nor Beneficiary shall be responsible or liable for performing any of the obligations of the landlord under any Lease, for any waste by any tenant, or others, for any dangerous or defective conditions of any of the Leasehold Trust Estate, for negligence in the management, upkeep, repair or control of any of the Leasehold Trust Estate or any other act or omission by any other person.

SECTION 1.8. Intentionally Deleted.

SECTION 1.9. Restrictions on Transfers and Encumbrances. Grantor shall comply with all requirements under the Indenture, Mortgaged Leases and the Standby Purchase Agreement relating to any covenant not to sell, convey, alienate, assign, lease, sublease, license, mortgage, pledge, encumber or otherwise transfer, create, or suffer the creation of any lien, charge or other form of encumbrance upon any interest in or any part of the Leasehold Trust Estate, or be divested of its title to the Leasehold Trust Estate or any interest therein in any manner or way, whether voluntarily or involuntarily (other than resulting from a condemnation), or engage in any

common, cooperative, joint, time-sharing or other congregate ownership of all or part thereof, except in each case, Permitted Encumbrances.

SECTION 1.10. Security Agreement. To the extent the Leasehold Trust Estate consists of items of personal property which are or are to become Fixtures under applicable law, this Deed of Trust shall also be construed as a security agreement under the UCC. The Grantor, in order to secure the due and punctual payment and performance of the Obligations, hereby grants to the Beneficiary for its benefit and for the benefit of the Secured Parties, a security interest in and to such Collateral and Fixtures. Upon and during the continuance of an Event of Default, the Beneficiary shall be entitled with respect to the Collateral and Fixtures, to exercise all remedies hereunder or available under the UCC with respect thereto and all other remedies available under applicable law, and, without limiting the foregoing, the Collateral and Fixtures, may, at the Beneficiary's option, (i) be sold hereunder together with any sale of any portion of the Leasehold Trust Estate or otherwise, (ii) be sold separately pursuant to the UCC, or (iii) be dealt with by the Beneficiary in any other manner permitted under applicable law. The Beneficiary may require the Grantor to assemble the Collateral and Fixtures, and make it available to the Beneficiary at a place to be designated by the Beneficiary. The Grantor acknowledges and agrees that a disposition of such collateral in accordance with the Beneficiary's rights and remedies in respect to the Leasehold Trust Estate as heretofore provided is a commercially reasonable disposition thereof; provided, however, that the Beneficiary shall give the Grantor not less than ten (10) days' prior notice of the time and place of any intended disposition.

SECTION 1.11. Filing and Recording. Grantor will cause this Deed of Trust to be filed, registered or recorded and, if necessary, refiled, rerecorded and reregistered, in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to perfect the lien hereof upon, and the security interest of Beneficiary in, the Leasehold Trust Estate until this Deed of Trust is terminated and released in full in accordance with Section 3.4 hereof. In connection therewith, Grantor will pay all filing, registration and recording fees, all Federal, state, county and municipal recording, documentary or intangible taxes and other taxes, duties, imposts, assessments and charges, and all reasonable expenses incidental to or arising out of or in connection with the execution, delivery and recording of this Deed of Trust, any deed of trust supplemental hereto or any instrument of further assurance.

SECTION 1.12. Further Assurances. Promptly following demand by Beneficiary in its reasonable discretion, Grantor will, at the cost of Grantor and without expense to Deed of Trust Trustee or Beneficiary, do, execute, acknowledge and deliver all such further acts, deeds, conveyances, assignments, notices of assignment, transfers and assurances as Deed of Trust Trustee or Beneficiary shall from time to time reasonably require for the better assuring, conveying, assigning, transferring and confirming unto Deed of Trust Trustee and/or Beneficiary, as applicable, the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Grantor may be or may hereafter become bound to convey or assign to Deed of Trust Trustee and/or Beneficiary, as applicable, or for carrying out the intention or facilitating the performance of the terms of this Deed of Trust, or for filing, registering or recording this Deed of Trust, and promptly following demand, Grantor will also execute and deliver and hereby appoints Deed of Trust Trustee and Beneficiary as its true and lawful attorneys-in-fact and agents, for Grantor and in its name,

place and stead, in any and all capacities, to execute and file to the extent it may lawfully do so, one or more financing statements, security agreements or comparable security instruments reasonably requested by Deed of Trust Trustee and/or Beneficiary to evidence more effectively the lien hereof upon the Leasehold Trust Estate and to perform each and every act and thing reasonably requisite and necessary to be done to accomplish the same.

SECTION 1.13. Additions to Leasehold Trust Estate. All right, title and interest of Grantor in and to all extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to, the Leasehold Trust Estate hereafter acquired by or released to Grantor or constructed, assembled or placed by Grantor upon the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case without any further deed of trust, conveyance; assignment or other act by Grantor, other than Excluded Assets, shall become subject to the lien and security interest of this Deed of Trust as fully and completely and with the same effect as though now owned by Grantor and specifically described in the grant of the Leasehold Trust Estate above, but at any and all times Grantor will execute and deliver to Deed of Trust Trustee and/or Beneficiary any and all such further assurances, deeds of trust, conveyances or assignments thereof as Deed of Trust Trustee or Beneficiary may reasonably require for the purpose of expressly and specifically subjecting the same to the lien and security interest of this Deed of Trust.

SECTION 1.14. No Claims Against Deed of Trust Trustee or Beneficiary. Nothing contained in this Deed of Trust shall constitute any consent or request by Deed of Trust Trustee or Beneficiary, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Leasehold Trust Estate or any part thereof, nor as giving Grantor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Deed of Trust Trustee or Beneficiary in respect thereof.

SECTION 1.15. Fixture Filing. To the extent that the Leasehold Trust Estate includes items of personal property which are or are to become fixtures, under applicable law, and to the extent permitted under applicable law, the filing hereof in the real estate records of the county in which such Leasehold Trust Estate is located shall also operate from the date of such recording as a fixture filing with respect to such Leasehold Trust Estate, and the following information is applicable for the purpose of such filing, to wit:

<p>Name and Address of the debtor:</p> <p>The Grantor having the address described in the Preamble hereof.</p> <p>The Grantor is a limited liability company organized under the laws of the State of Delaware whose Organization Number is 5559432.</p>	<p>Name and Address of the secured party:</p> <p>The Beneficiary having the address described in the Preamble hereof, from which address information concerning the security interest may be obtained.</p>
<p>This Financing Statement covers the following types or items of property:</p> <p>The Leasehold Trust Estate.</p> <p>This instrument covers goods or items of personal property which are or are to become fixtures upon the property.</p> <p>The Grantor is the record owner of the Land.</p>	

(a) In addition, the Grantor hereby authorizes the Beneficiary to file appropriate financing and continuation statements under the UCC in effect in the jurisdiction in which the Leasehold Trust Estate is located or where the Grantor is located/organized or any other applicable jurisdiction as may be required by law in order to create, establish, preserve and protect the liens and security interests intended to be granted to the Beneficiary pursuant to this Deed of Trust in the Leasehold Trust Estate

ARTICLE II.

Defaults and Remedies

SECTION 2.1. Intentionally Deleted.

SECTION 2.2. Demand for Payment. If an Event of Default shall occur and be continuing, then, upon written demand of Beneficiary in accordance with the terms of the Indenture, the Deed of Trust Trustee and Beneficiary shall be entitled and empowered to institute an action or proceedings at law or in equity for the collection of the sums so due and unpaid, to prosecute any such action or proceedings to judgment or final decree, to enforce any such judgment or final decree against Grantor and to collect, in any manner provided by law, all moneys adjudged or decreed to be payable.

SECTION 2.3. Rights To Take Possession, Operate and Apply Revenues.

(a) If an Event of Default shall occur and be continuing, Grantor shall, upon demand of Beneficiary (or of Trustee at the direction of Beneficiary as so required by applicable law), forthwith surrender to Deed of Trust Trustee or Beneficiary (as applicable in accordance with applicable law) actual possession of the Leasehold Trust Estate and, if and to the extent not prohibited by applicable law, Deed of Trust Trustee or Beneficiary itself, as applicable, or by such officers or agents as it may appoint, may then enter and take possession of all the Leasehold Trust Estate without the appointment of a receiver or an application therefor, exclude Grantor and its agents and employees wholly therefrom, and have access to the books, papers and accounts of Grantor.

(b) If in accordance with Section 2.3(a) above Grantor shall for any reason fail to surrender or deliver the Leasehold Trust Estate or any part thereof after such demand by Beneficiary (or Deed of Trust Trustee at the direction of Beneficiary as so required by applicable law), Deed of Trust Trustee and/or Beneficiary may to the extent not prohibited by applicable law, obtain a judgment or decree conferring upon Deed of Trust Trustee and/or Beneficiary, as applicable, the right to immediate possession or requiring Grantor to deliver immediate possession of the Leasehold Trust Estate to Deed of Trust Trustee and/or Beneficiary, as applicable, to the entry of which judgment or decree Grantor hereby specifically consents. Subject to Section 7.03 of the Indenture, Grantor will pay to Beneficiary, within the time period set forth therein, all reasonable expenses of obtaining such judgment or decree, including reasonable compensation to Deed of Trust Trustee's and Beneficiary's attorneys and agents with interest on any overdue amounts therefrom, at the rate per annum applicable to overdue amounts under the Indenture as provided in and to the extent then applicable under Section 2.11 of the Indenture, but in no event to exceed the maximum rate permitted by law (the "Default Rate"); and all such expenses and compensation shall, until paid, be secured by this Deed of Trust.

(c) Upon every such entry or taking of possession, Deed of Trust Trustee and/or Beneficiary, as applicable, may, to the extent not prohibited by applicable law, hold, store, use, operate, manage and control the Leasehold Trust Estate, conduct the business thereof and, from time to time, (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon, (ii) insure or keep the Leasehold Trust Estate insured in the manner and amounts required pursuant to the Indenture, (iii) manage and operate the Leasehold Trust Estate in its reasonable discretion and exercise all the rights and powers of Grantor to the same extent as Grantor could in its own name or otherwise with respect to the same, or (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Deed of Trust Trustee and/or Beneficiary, all as may from time to time be directed or determined by Beneficiary to be in its best interest and Grantor hereby appoints Deed of Trust Trustee and Beneficiary as its true and lawful attorneys-in-fact and agents, for Grantor and in its name, place and stead, in any and all capacities, to perform any of the foregoing acts. During the time of such possession, Beneficiary may collect and receive all the Rents, issues, profits and revenues from the Leasehold Trust Estate, including those past due as well as those accruing thereafter, and, after deducting, in all cases subject to Section 7.03 of the Indenture, (i) all reasonable expenses of taking, holding, managing and operating the Leasehold Trust Estate (including reasonable compensation for the services of all persons employed for such purposes), (ii) the reasonable costs of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements, purchases and acquisitions, (iii) the reasonable costs of insurance, (iv) such taxes, assessments and other similar charges as Beneficiary may at its option pay, (v) other proper and reasonable charges upon the Leasehold Trust Estate or any part thereof and (vi) the reasonable compensation, expenses and disbursements of the attorneys and agents of Deed of Trust Trustee and Beneficiary, Deed of Trust Trustee or Beneficiary, as applicable, shall apply the remainder of the moneys and proceeds so received in accordance with Section 2.8 hereof.

(d) Whenever, before any sale of the Leasehold Trust Estate under Section 2.6, all Obligations that are then due shall have been paid and all Events of Default fully cured, Deed of Trust Trustee and/or Beneficiary, as applicable, will surrender possession of the Leasehold Trust

Estate back to Grantor, its successors or assigns. The same right of taking possession shall, however, arise again if any subsequent Event of Default shall occur and be continuing.

SECTION 2.4. Right To Cure Grantor's Failure to Perform. Should Grantor fail in the payment, performance or observance of any term, covenant or condition required by this Deed of Trust or of Grantor under the Indenture (with respect to the Leasehold Trust Estate) beyond any applicable notice and cure periods, Beneficiary may pay, perform or observe the same, and all payments made or out-of-pocket costs or expenses incurred by Beneficiary in connection therewith shall be secured hereby and, subject to Section 7.03 of the Indenture, shall be, within the time period set forth therein, repaid by Grantor to Beneficiary with interest on overdue amounts thereon at the Default Rate. Upon the occurrence and during the continuance of an Event of Default, Beneficiary is hereby empowered to enter and to authorize its agents to enter upon the Leasehold Trust Estate or any part thereof for the purpose of performing or observing any such defaulted term, covenant or condition without having any obligation to so perform or observe and without thereby becoming liable to Grantor, to any person in possession holding under Grantor or to any other person absent its (or its agents) gross negligence, bad faith or willful misconduct

SECTION 2.5. Right to a Receiver. If an Event of Default shall occur and be continuing, Beneficiary, upon application to a court of competent jurisdiction, shall be entitled as a matter of right to the appointment of a receiver to take possession of and to operate the Leasehold Trust Estate and to collect and apply the Rents. The receiver shall have all of the rights and powers permitted under the laws of the state wherein the Leasehold Trust Estate is located. Subject to Section 7.03 of the Indenture, Grantor shall pay to Beneficiary, within the time period set forth therein, all reasonable expenses, including receiver's fees, reasonable attorney's fees and disbursements, costs and agent's compensation incurred pursuant to the provisions of this Section 2.5; and all such expenses shall be secured by this Deed of Trust and shall be repaid by Grantor to Beneficiary with interest on overdue amounts at the Default Rate from the date incurred until the date so paid by Grantor.

SECTION 2.6. Foreclosure and Sale.

(a) If an Event of Default shall occur and be continuing, Beneficiary may elect to sell or cause the Deed of Trust Trustee to sell the Leasehold Trust Estate or any part of the Leasehold Trust Estate by exercise of the power of foreclosure or of sale granted to Deed of Trust Trustee and/or Beneficiary by applicable law or this Deed of Trust. In such case, Deed of Trust Trustee or Beneficiary may commence a civil action to foreclose this Deed of Trust, or it may proceed and sell the Leasehold Trust Estate to satisfy any Obligation. Beneficiary and Deed of Trust Trustee shall comply with the requirements of the Texas Property Code then in effect (or other applicable law) with regard to any such sale or any other foreclosure sale contemplated by this Deed of Trust. Deed of Trust Trustee or Beneficiary or an officer appointed by a judgment of foreclosure to sell the Leasehold Trust Estate, may sell all or such parts of the Leasehold Trust Estate as may be chosen by Deed of Trust Trustee or Beneficiary at the time and place of sale fixed by it in a notice of sale, either as a whole or in separate lots, parcels or items as Deed of Trust Trustee or Beneficiary shall deem expedient, and in such order as it may determine, at public auction to the highest bidder. Deed of Trust Trustee or Beneficiary or an officer appointed by a judgment of foreclosure to sell

the Leasehold Trust Estate may postpone any foreclosure or other sale of all or any portion of the Leasehold Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale. Without further notice, Deed of Trust Trustee or Beneficiary or an officer appointed to sell the Leasehold Trust Estate may make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale. Any person, including Grantor, Deed of Trust Trustee or Beneficiary or any designee or affiliate thereof, may purchase at such sale.

(b) The Leasehold Trust Estate may be sold subject to unpaid taxes and Permitted Encumbrances, and, after deducting all costs, fees and expenses of Deed of Trust Trustee or Beneficiary (including costs of evidence of title in connection with the sale), Deed of Trust Trustee or Beneficiary or an officer that makes any sale shall apply the proceeds of sale in the manner set forth in Section 2.8.

(c) Any foreclosure or other sale of less than the whole of the Leasehold Trust Estate or any defective or irregular sale made hereunder shall not exhaust the power of foreclosure or of sale provided for herein; and subsequent sales may be made hereunder until the Obligations have been satisfied, or the entirety of the Leasehold Trust Estate has been sold.

(d) If an Event of Default shall occur and be continuing, Beneficiary (or Deed of Trust Trustee at the direction of Beneficiary as so required by applicable law), may instead of, or in addition to, exercising the rights described in Section 2.6(a) above and either with or without entry or taking possession as herein permitted, proceed by a suit or suits in law or in equity or by any other appropriate proceeding or remedy (i) to specifically enforce payment of some or all of the Obligations, or the performance of any term, covenant, condition or agreement of this Deed of Trust or any other right, or (ii) to pursue any other remedy available to Beneficiary, all as Beneficiary shall determine most effectual for such purposes.

SECTION 2.7. Other Remedies.

(a) In case an Event of Default shall occur and be continuing, Beneficiary (or Deed of Trust Trustee at the direction of Beneficiary as so required by applicable law) may also exercise, to the extent not prohibited by law, any or all of the remedies available to a secured party under the UCC.

(b) In connection with a sale of the Leasehold Trust Estate and the application of the proceeds of sale as provided in Section 2.8, Beneficiary (or Deed of Trust Trustee at the direction of Beneficiary as so required by applicable law) shall be entitled to enforce payment of and to receive up to the principal amount of the Obligations, including, without limitation, all other charges, payments and costs due under this Deed of Trust, and to recover a deficiency judgment for any portion of the aggregate principal amount of the Obligations remaining unpaid, with interest in accordance with the Indenture.

SECTION 2.8. Application of Sale Proceeds and Rents. After any foreclosure sale of all or any of the Leasehold Trust Estate, Beneficiary shall receive and apply the proceeds of the sale together with any Rents that may have been collected and any other sums that then may be

held by Beneficiary under this Deed of Trust in the same manner as the proceeds of the Trust Estate (as defined in the Indenture) are to be applied pursuant to Section 7.06 of the Indenture.

Upon any sale of the Leasehold Trust Estate by the Deed of Trust Trustee or Beneficiary (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money by the Beneficiary (or Deed of Trust Trustee at the direction of Beneficiary as so required by applicable law) or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Leasehold Trust Estate so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Beneficiary or such officer or be answerable in any way for the misapplication thereof.

SECTION 2.9. Grantor as Tenant Holding Over. If Grantor remains in possession of any of the Leasehold Trust Estate after any foreclosure sale by Deed of Trust Trustee or Beneficiary, at Beneficiary's election Grantor shall be deemed a tenant holding over and shall forthwith surrender possession to the purchaser or purchasers at such sale or be summarily dispossessed or evicted according to provisions of law applicable to tenants holding over.

SECTION 2.10. Waiver of Appraisalment, Valuation, Stay, Extension and Redemption Laws. Grantor waives, to the extent not prohibited by law, (i) the benefit of all laws now existing or that hereafter may be enacted (x) providing for any appraisalment or valuation of any portion of the Leasehold Trust Estate and/or (y) in any way extending the time for the enforcement or the collection of amounts due under any of the Obligations or creating or extending a period of redemption from any sale made in collecting said debt or any other amounts due to Deed of Trust Trustee or Beneficiary, (ii) any right to at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any homestead exemption, stay, statute of limitations, extension or redemption, or sale of the Leasehold Trust Estate as separate tracts, units or estates or as a single parcel in the event of foreclosure or notice of deficiency, and (iii) all rights of redemption, valuation, appraisalment, stay of execution, notice of election to mature or declare due the whole of or each of the Obligations and marshaling in the event of foreclosure of this Deed of Trust.

SECTION 2.11. Discontinuance of Proceedings. In case Deed of Trust Trustee or Beneficiary shall proceed to enforce any right, power or remedy under this Deed of Trust by foreclosure, entry or otherwise, and such proceedings shall be discontinued or abandoned for any reason, or shall be determined adversely to Deed of Trust Trustee or Beneficiary, then and in every such case Grantor, Deed of Trust Trustee and Beneficiary shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of Grantor, Deed of Trust Trustee and Beneficiary shall continue as if no such proceeding had been taken.

SECTION 2.12. Suits To Protect the Leasehold Trust Estate. Upon the occurrence and during the continuance of an Event of Default, Beneficiary (or Deed of Trust Trustee at the direction of Beneficiary as so required by applicable law) shall have power (a) to institute and maintain suits and proceedings to prevent any impairment of the Leasehold Trust Estate by any acts that may be unlawful or in violation of this Deed of Trust, (b) to preserve or protect its interest in the Leasehold Trust Estate and in the Rents arising therefrom and (c) to restrain the enforcement of or compliance with any legislation or other governmental enactment, rule or order that may be

unconstitutional or otherwise invalid if the enforcement of or compliance with such enactment, rule or order would impair the security or be prejudicial to the interest of Deed of Trust Trustee and/or Beneficiary hereunder.

SECTION 2.13. Filing Proofs of Claim. In case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, composition or other proceedings affecting Grantor, Beneficiary (or Deed of Trust Trustee at the direction of Beneficiary as so required by applicable law) shall, to the extent permitted by law, be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings for the Obligations secured by this Deed of Trust at the date of the institution of such proceedings and for any interest accrued, late charges and additional interest or other amounts due or that may become due and payable hereunder after such date.

SECTION 2.14. Waiver.

(a) No delay or failure by Deed of Trust Trustee and/or Beneficiary to exercise any right, power or remedy accruing upon any breach or Event of Default shall exhaust or impair any such right, power or remedy or be construed to be a waiver of any such breach or Event of Default or acquiescence therein; and every right, power and remedy given by this Deed of Trust to Deed of Trust Trustee or Beneficiary may be exercised from time to time and as often as may be deemed expedient by Deed of Trust Trustee or Beneficiary. No consent or waiver by Beneficiary to or of any breach or Event of Default by Grantor in the performance of the Obligations shall be deemed or construed to be a consent or waiver to or of any other breach or Event of Default in the performance of the same or of any other Obligations by Grantor hereunder. No failure on the part of Deed of Trust Trustee or Beneficiary to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall constitute a waiver by Deed of Trust Trustee or Beneficiary of their respective rights hereunder or impair any rights, powers or remedies consequent on any future Event of Default by Grantor.

(b) Even if Beneficiary (i) grants some forbearance or an extension of time for the payment of any sums secured hereby, (ii) takes other or additional security for the payment of any sums secured hereby, (iii) waives or does not exercise some right granted herein, (iv) releases a part of the Leasehold Trust Estate from this Deed of Trust, (v) agrees to change some of the terms, covenants, conditions or agreements of the Facilities Lease or the Standby Purchase Agreement, (vi) consents to the filing of a map, plat or replat affecting the Premises, (vii) consents to the granting of an easement or other right affecting the Premises or (viii) makes or consents to an agreement subordinating the lien hereof on the Leasehold Trust Estate, no such act or omission shall preclude Deed of Trust Trustee or Beneficiary from exercising any other right, power or privilege herein granted or intended to be granted in the event of any breach or Event of Default then made or of any subsequent default; nor, except as otherwise expressly provided in an instrument executed by Beneficiary, shall this Deed of Trust be altered thereby. In the event of the sale or transfer by operation of law or otherwise of all or part of the Leasehold Trust Estate, Beneficiary (or Trustee at the direction of Beneficiary as so required by applicable law) is hereby authorized and empowered to deal with any vendee or transferee with reference to the Leasehold Trust Estate secured hereby, or with reference to any of the terms, covenants, conditions or agreements hereof, as fully and to the same

extent as it might deal with the original parties hereto and without in any way releasing or discharging any liabilities, obligations or undertakings.

SECTION 2.15. Waiver of Trial by Jury. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS DEED OF TRUST. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS DEED OF TRUST BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 2.15.

SECTION 2.16. Remedies Cumulative. No right, power or remedy conferred upon or reserved to Deed of Trust Trustee or Beneficiary by this Deed of Trust is intended to be exclusive of any other right, power or remedy, and each and every such right, power and remedy shall be cumulative and concurrent and in addition to any other right, power and remedy given hereunder or now or hereafter existing at law or in equity or by statute.

ARTICLE III.

Miscellaneous

SECTION 3.1. Partial Invalidity. In the event any one or more of the provisions contained in this Deed of Trust shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Deed of Trust, and this Deed of Trust shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

SECTION 3.2. Notices. All notices and communications hereunder shall be in writing and given to Grantor and to the Beneficiary as provided in the Indenture.

SECTION 3.3. Successors and Assigns. All of the grants, covenants, terms, provisions and conditions herein shall run with the Premises and shall apply to, bind and inure to, the benefit of the permitted successors and assigns of Grantor and the successors and assigns of Deed of Trust Trustee and Beneficiary.

SECTION 3.4. Termination and Amendment.

(a) Upon satisfaction of all conditions of Section 10.01 of the Indenture, this Deed of Trust and the liens and security interests granted hereby shall terminate.

(b) At the request of the Borrower, the Beneficiary will amend, supplement, modify (which amendment, supplement or modification may include a partial release or

subordination) this Deed of Trust and its lien on any property held by the Deed of Trust Trustee, as required in Article 9 of the Indenture.

(c) In connection with any amendment, supplement, modification pursuant to paragraph (a) or (b) of this Section 3.4, the Beneficiary shall (or shall direct the Deed of Trust Trustee to) execute and deliver to the Grantor the documents and shall perform such other actions reasonably requested by the Grantor, in each case, as required by Article 9 of the Indenture. Any execution and delivery of documents pursuant to this Section 3.4 shall be without recourse to or warranty by the Deed of Trust Trustee or Beneficiary.

SECTION 3.5. Definitions. As used in this Deed of Trust, the singular shall include the plural as the context requires and the following words and phrases shall have the following meanings: (a) “including” shall mean “including but not limited to”; (b) “provisions” shall mean “provisions, terms, covenants and/or conditions”; (c) “lien” shall mean “lien, charge, encumbrance, security interest, mortgage or deed of trust”; (d) “obligation” shall mean “obligation, duty, covenant and/or condition”; (e) “any of the Leasehold Trust Estate” shall mean “the Leasehold Trust Estate or any part thereof or interest therein”. Any act that Deed of Trust Trustee or Beneficiary is permitted to perform hereunder may be performed at any time and from time to time by Deed of Trust Trustee or Beneficiary or any person or entity designated by Deed of Trust Trustee or Beneficiary. Any act that is prohibited to Grantor hereunder is also prohibited to all lessees of any of the Leasehold Trust Estate. For the term of this Deed of Trust, each appointment of Deed of Trust Trustee or Beneficiary as attorney-in-fact for Grantor under this Deed of Trust is irrevocable, with power of substitution and coupled with an interest. Subject to the applicable provisions hereof, Beneficiary has the right to refuse to grant its consent, approval or acceptance or to indicate its satisfaction, in its sole discretion, whenever such consent, approval, acceptance or satisfaction is required hereunder.

SECTION 3.6. No Oral Modification. This Deed of Trust may not be changed or terminated orally. Any agreement made by Grantor and Beneficiary after the date of this Deed of Trust relating to this Deed of Trust shall be superior to the rights of the holder of any intervening or subordinate deed of trust, lien or encumbrance.

ARTICLE IV.

Deed of Trust Trustee’s Powers and Liabilities

SECTION 4.1. The Deed of Trust Trustee, by acceptance hereof, covenants faithfully to perform and fulfill the trusts herein created, being liable, however, only for gross negligence, bad faith or willful misconduct, and hereby waives any statutory fee and agrees to accept reasonable compensation, in lieu thereof, for any services rendered by it in accordance with the terms thereof. All authorities, powers and discretions given in this Deed of Trust to the Deed of Trust Trustee and/or the Beneficiary may be exercised by either, without the other, with the same effect as if exercised jointly.

SECTION 4.2. The Deed of Trust Trustee may resign at any time upon giving thirty (30) days’ notice in writing to the Grantor and to the Beneficiary;

SECTION 4.3. The Beneficiary may remove the Deed of Trust Trustee at any time or from time to time and select a successor deed of trust trustee. In the event of the death, removal, resignation, refusal to act, in-ability to act or absence of the Deed of Trust Trustee from the state in which the Premises are located, or in its sole discretion for any reason whatsoever. The Beneficiary may, upon notice to the Grantor and without specifying the reason therefore and without applying to any court, select and appoint a successor deed of trust trustee, and all powers, rights, duties and authority of the former deed of trust trustee, as aforesaid, shall thereupon become vested in such successor. Such substitute deed of trust trustee shall not be required to give bond for the faithful performance of his duties unless required by the Beneficiary. Such substitute deed of trust trustee shall be appointed by written instrument duly recorded in the county where the Land is located. The Grantor hereby ratifies and confirms any and all acts that the herein named Deed of Trust Trustee, or his successor or successors in this trust, shall do lawfully by virtue hereof. The Grantor hereby agrees, on behalf of itself and its heirs, executors, administrators and assigns, that the recitals contained in any deed or deeds executed in due form by any Deed of Trust Trustee or substitute deed of trust trustee, acting under the provisions of this instrument, shall be prima facie evidence of the facts recited, and that it shall not be necessary to prove in any court, otherwise than by such recitals, the existence of the facts essential to authorize the execution and delivery of such deed or deeds and the passing of title thereby;

SECTION 4.4. The Deed of Trust Trustee shall not be required to see that this Deed of Trust is recorded nor liable for its validity or its priority as a first deed of trust, or otherwise, nor shall the Deed of Trust Trustee be answerable or responsible for performance or observance of the covenants and agreements imposed upon the Grantor or the Beneficiary by this Deed of Trust or any other agreement. The Deed of Trust Trustee, as well as the Beneficiary, shall have authority in their respective discretion to employ agents and attorneys in the execution of this trust and to protect the interest of the Beneficiary hereunder, and to the fullest extent permitted by law they shall be compensated and all expenses relating to the employment of such agents and/or attorneys, including expenses of litigation, shall be paid out of the proceeds of the sale of the Leasehold Trust Estate conveyed hereby should a sale be had, but if no such sale be had, all sums so paid out shall be recoverable to the fullest extent permitted by law by all remedies at law or in equity; and

SECTION 4.5. At any time, or from time to time, without liability therefore and with ten (10) days' prior written notice to the Grantor, upon written request of the Beneficiary and with-out affecting the effect of this Deed of Trust upon the remainder of the Leasehold Trust Estate, the Deed of Trust Trustee may (A) reconvey any part of the Leasehold Trust Estate, (B) consent in writing to the making of any map or plat thereof, so long as the Grantor has consented thereto, (C) join in granting any easement thereon, so long as the Grantor has consented thereto, or (D) join in any extension agreement or any agreement subordinating the lien or charge hereof.

ARTICLE V.

Mortgaged Leases

This Deed of Trust is subject to the following provisions relating to the particular laws of the state wherein the Premises are located:

SECTION 5.1. Representations, Warranties and Covenants. The Grantor represents and warrants to the Beneficiary that (a) the Mortgaged Leases are unmodified and in full force and effect, (b) all rent and other charges therein have been paid to the extent they are payable to the date hereof, (c) the Grantor enjoys the quiet and peaceful possession of the property demised thereby, (d) the Grantor is not in default under any of the terms thereof and there are no circumstances which, with the passage of time or the giving of notice or both, would constitute an event of default thereunder, and (e) the Lessor thereunder is not in default in any material respect under any of the terms or provisions thereof on the part of the Lessor to be observed or performed (but this statement is made for the benefit of and may only be relied upon by the Beneficiary and Secured Parties). The Grantor shall promptly pay, when due and payable, the rent and other charges payable pursuant to the Mortgaged Leases, and will timely perform and observe all of the other terms, covenants and conditions required to be performed and observed by the Grantor as lessee under the Mortgaged Leases. The Grantor shall notify the Beneficiary in writing of any default by the Grantor in the performance or observance of any terms, covenants or conditions on the part of the Grantor to be performed or observed under the Mortgaged Leases within ten (10) days after the Grantor knows of such default. The Grantor shall, promptly following the receipt thereof, deliver a copy of any notice of default given to the Grantor by the Lessor pursuant to the Mortgaged Leases and promptly notify the Beneficiary in writing of any default by the Lessor in the performance or observance of any of the terms, covenants or conditions on the part of the Lessor to be performed or observed thereunder. Unless required under the terms of the Mortgaged Leases, except as restricted by the Indenture, the Grantor shall not, without the prior written consent of the Beneficiary (which may be granted or withheld in the Beneficiary's sole and absolute discretion) (i) terminate, or surrender the Mortgaged Leases, or (ii) enter into any modification of the Mortgaged Leases in violation of Article 9 of the Indenture, and any such attempted termination, modification or surrender without the Beneficiary's written consent shall be void. The Grantor shall, within thirty (30) days after written request from the Beneficiary, use commercially reasonable efforts to obtain from the Lessor and deliver to the Beneficiary a certificate setting forth the name of the Tenant thereunder and stating that the Mortgaged Leases is in full force and effect, is unmodified or, if the Mortgaged Leases has been modified, the date of each modification (together with copies of each such modification), that no notice of termination thereof has been served on the Grantor, stating that to the best of Lessor's knowledge, no default or event which with notice or lapse of time (or both) would become a default is existing under the Mortgaged Leases, stating the date to which rent has been paid, and specifying the nature of any defaults, if any, and containing such other statements and representations as may be reasonably requested by the Beneficiary.

SECTION 5.2. No Merger; Acquisition; Power of Attorney. So long as any of the Obligations remain unpaid or unperformed, the fee title to and the leasehold estate in the Premises subject to the Mortgaged Leases shall not merge but shall always be kept separate and distinct notwithstanding the union of such estates in the Lessor or the Grantor, or in a third party, by purchase or otherwise. If the Grantor acquires the fee title or any other estate, title or interest in the property demised by the Mortgaged Leases, or any part thereof, the lien of this Deed of Trust shall attach to, cover and be a lien upon such acquired estate, title or interest and the same shall thereupon be and become a part of the Leasehold Trust Estate with the same force and effect as if specifically encumbered herein. The Grantor agrees to execute all instruments and documents that the Beneficiary may reasonably require to ratify, confirm and further evidence the lien of this Deed of

Trust on the acquired estate, title or interest. Furthermore, the Grantor hereby appoints the Beneficiary as its true and lawful attorney-in-fact to execute and deliver, following the occurrence and during the continuance of an Event of Default, all such instruments and documents in the name and on behalf of the Grantor. This power, being coupled with an interest, shall be irrevocable as long as any portion of the Obligations remains unpaid.

SECTION 5.3. New Leases. If the Mortgaged Leases shall be terminated prior to the natural expiration of its term due to default by the Grantor or any Tenant thereunder, and if, pursuant to the provisions of the Mortgaged Leases, the Beneficiary or its designee shall acquire from the Lessor a new lease of the Premises subject to the Mortgaged Leases, the Grantor shall have no right, title or interest in or to such new lease or the leasehold estate created thereby, or renewal privileges therein contained.

SECTION 5.4. No Assignment. Notwithstanding anything to the contrary contained herein, this Deed of Trust shall not constitute an assignment of the Mortgaged Leases within the meaning of any provision thereof prohibiting its assignment and the Beneficiary shall have no liability or obligation thereunder by reason of its acceptance of this Deed of Trust. The Beneficiary shall be liable for the obligations of the Tenant arising out of the Mortgaged Leases for only that period of time for which the Beneficiary is in possession of the Premises demised thereunder or has acquired, by foreclosure or otherwise, and is holding all of the Grantor's right, title and interest therein.

SECTION 5.5. Treatment of Mortgaged Leases In Bankruptcy.

(i) If any Landlord or grantor under the Mortgaged Leases rejects or disaffirms, or seeks or purports to reject or disaffirm, such Mortgaged Leases pursuant to any Bankruptcy Law, then the Grantor shall not exercise the 365(h) Election except as otherwise provided in this paragraph. To the extent permitted by law, the Grantor shall not suffer or permit the termination of the Mortgaged Leases by exercise of the 365(h) Election or otherwise without the Beneficiary's consent. The Grantor acknowledges that because the Mortgaged Leases is a primary element of the Beneficiary's security for the Obligations, it is not anticipated that the Beneficiary would consent to termination of the Mortgaged Leases. If the Grantor makes any 365(h) Election in violation of this Deed of Trust, then such 365(h) Election shall be void and of no force or effect.

(ii) The Grantor hereby assigns to the Beneficiary the 365(h) Election with respect to the Mortgaged Leases until the Obligations have been satisfied in full. The Grantor acknowledges and agrees that the foregoing assignment of the 365(h) Election and related rights is one of the rights that the Beneficiary may use at any time to protect and preserve the Beneficiary's other rights and interests under this Mortgage. The Grantor further acknowledges that exercise of the 365(h) Election in favor of terminating the Mortgaged Leases would constitute waste prohibited by this Deed of Trust.

(iii) The Grantor acknowledges that if the 365(h) Election is exercised in favor of Grantor's remaining in possession under the Mortgaged Leases, then the Grantor's resulting occupancy rights, as adjusted by the effect of Section 365 of Title II of the United

States Code (the "Bankruptcy Code"), shall then be part of the Leasehold Trust Estate and shall be subject to the lien of this Deed of Trust.

SECTION 5.6. Rejection of Mortgaged Leases by Landlord. If a Landlord under the Mortgaged Leases rejects or disaffirms the Mortgaged Leases or purports or seeks to disaffirm such Mortgaged Leases pursuant to any Bankruptcy Law, then:

(i) The Grantor shall remain in possession of the Premises demised under such Mortgaged Leases so rejected or disaffirmed and shall perform all acts necessary for the Grantor to remain in such possession for the unexpired term of such Mortgaged Leases, whether the then existing terms and provisions of such Mortgaged Leases require such acts or otherwise; and

(ii) All the terms and provisions of this Deed of Trust and the lien created by this Deed of Trust shall remain in full force and effect and shall extend automatically to all of the Grantor's rights and remedies arising at any time under, or pursuant to, Section 365(h) of the Bankruptcy Code, including all of the Grantor's rights to remain in possession of the leased Premises.

SECTION 5.7. Assignment of Claims to Beneficiary. The Grantor, immediately upon learning that any Landlord or grantor under the Mortgaged Leases has failed to perform the terms and provisions thereunder (including by reason of a rejection or disaffirmance or purported rejection or disaffirmance of such Mortgaged Leases pursuant to any Bankruptcy Law), shall notify the Beneficiary of any such failure to perform. The Grantor unconditionally assigns, transfers, and sets over to the Beneficiary any and all damage claims thereunder. This assignment constitutes a present, irrevocable, and unconditional assignment of all damage claims under the Mortgaged Leases, and shall continue in effect until the Obligations have been satisfied in full. Notwithstanding the foregoing, the Beneficiary grants to the Grantor a revocable license to exercise any such Mortgaged Leases damage claims which license may only be revoked by the Beneficiary upon the occurrence and during the continuance of any Event of Default.

ARTICLE VI.

State-Specific Provisions

This Deed of Trust is subject to the following provisions relating to the particular laws of the state wherein the Premises are located. In the event of any inconsistencies between the terms and conditions of this Article VI and the other provisions of this Deed of Trust, the terms and conditions of this Article VI shall control and be binding.

SECTION 6.1. Applicable Law; Certain Particular Provisions. This Deed of Trust shall be governed by and construed in accordance with the internal law of the state of where the Premises are located, except that Grantor expressly acknowledges that by their terms, the Facilities Lease, the Stand y Purchase Agreement and the Indenture shall be governed by the internal law of the states identified therein, without regard to principles of conflict of law. Grantor, Deed of

Trust Trustee and Beneficiary agree to submit to jurisdiction and the laying of venue for any suit on this Deed of Trust in the state where the Premises are located.

SECTION 6.2. Texas Law Provisions.

(a) **Waiver of Appraisement.** Grantor hereby waives appraisal, or does not waive appraisal, at the option of the Beneficiary, to be exercised at any time prior to or at entry of judgment in any action to foreclose this Deed of Trust. Grantor expressly agrees that the Deed of Trust Trustee may offer the Leasehold Trust Estate as a whole or in such parcels or lots as the Beneficiary, in its sole discretion elects, regardless of the manner in which the Leasehold Trust Estate may be described. Furthermore, in the event an interest in any of the Leasehold Trust Estate is foreclosed upon pursuant to a judicial or non-judicial foreclosure sale, the Grantor agrees as follows: notwithstanding the provisions of Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, the Grantor agrees that Beneficiary or Deed of Trust Trustee, as the case may be, shall be entitled to seek a deficiency judgment from the Grantor and any other party obligated in respect of the Obligations equal to the difference between the amount of the Obligations and the amount for which the Leasehold Trust Estate was sold pursuant to judicial or non-judicial foreclosure sale. The Grantor expressly recognizes that this Section constitutes a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit the Grantor and other persons against whom recovery of deficiencies is sought (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Leasehold Trust Estate as of the date of the foreclosure sale and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than such fair market value. The Grantor further recognizes and agrees that this waiver creates an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Leasehold Trust Estate for purposes of calculating deficiencies owed by the Grantor or any other person against whom recovery of a deficiency is sought.

(b) **Limitation on Interest.** All agreements between Grantor and Beneficiary, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of acceleration of the maturity of any of the Obligations or otherwise, shall the interest contracted for, charged or received by Beneficiary exceed the maximum amount permissible under applicable law. If from any circumstance whatsoever, interest would otherwise be payable to Beneficiary in excess of the maximum lawful amount, the interest payable to Beneficiary shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance Beneficiary shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal balance of the Obligations and not to the payment of interest or, if such excessive interest exceeds the unpaid balance of principal of the Obligations, such excess shall be refunded to Grantor. All interest paid or agreed to be paid to Beneficiary shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal of the Obligations (including the period of any renewal or extension thereof) so that the interest thereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Grantor and Beneficiary.

(c) **Intentionally Deleted.**

(d) **Entire Agreement. THIS DEED OF TRUST AND THE FACILITIES LEASE AND THE STANDBY PURCHASE AGREEMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERCEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.**

(e) Upon the occurrence of any Event of Default, then, without limitation to any other rights or remedies of Beneficiary contained herein, Deed of Trust Trustee shall be and is hereby authorized and empowered, and it is the Deed of Trust Trustee's special duty, when requested so to do by Beneficiary after such default, to sell the Leasehold Trust Estate covered hereby at public auction to the highest bidder for cash between the hours of ten o'clock a.m. and four o'clock p.m. of the first Tuesday in any month, at the county court house in the county in which the Leasehold Trust Estate is situated (or, if the Leasehold Trust Estate is located in more than one county, the sale may be made at the county courthouse in any county in which the Leasehold Trust Estate is located), after complying with the statutes and procedures of the State of Texas governing such sales and after advertising the time, place, and terms of said sale and the Leasehold Trust Estate to be sold and by posting or causing to be posted for at least twenty-one consecutive days prior to the date of said sale written or printed notice thereof at the courthouse door of the county in which the sale is to be made and if the Leasehold Trust Estate is located in more than one county, one notice shall be posted at the courthouse door of each county in which the Leasehold Trust Estate is located. In addition to such posting of notice, Beneficiary shall at least twenty-one (21) days preceding the date of sale file a copy of such notice with the clerk of each county in which the Leasehold Trust Estate is located and shall serve written notice of the proposed sale by certified mail on Grantor and on each other debtor, if any, obligated to pay the Obligations. Service of such notice shall be completed upon deposit of the notice enclosed in a postpaid wrapper, properly addressed to Grantor and such other debtors at their most recent address or addresses as shown by the records of Beneficiary in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. Grantor agree that no notice of any sale other than as set out in this paragraph need be given by Deed of Trust Trustee, Beneficiary or any other person. Notwithstanding the foregoing provisions of this paragraph, notice of such sale given in accordance with the applicable laws of the State of Texas in effect at the time of such sale shall constitute sufficient notice of such sale. The Grantor do hereby authorize and empower said Deed of Trust Trustee and each and all of his or its successors in this trust, to sell the Leasehold Trust Estate, together, or in lots or parcels, as Deed of Trust Trustee shall deem expedient. If the proceeds of the sale of only part of the Leasehold Trust Estate are less than the sum of the then-outstanding Obligations and all amounts owed under this Deed of Trust, this Deed of Trust and the lien covering the Leasehold Trust Estate will remain in full force and effect as to the unsold portion of the Leasehold Trust Estate. After each sale, the Deed of Trust Trustee will execute and

deliver to the purchaser or purchasers of the Leasehold Trust Estate good and sufficient deeds of conveyance thereof in the name of Grantor by fee simple or leasehold title, as applicable, with covenants of general warranty, and the title of such purchaser or purchasers, when so made by Deed of Trust Trustee, Grantor bind themselves to warrant and forever defend; and to receive the proceeds of said sale. A purchaser's obligation is only to deliver the sales price to the Deed of Trust Trustee, and no purchaser will be responsible for the proper application of the sales proceeds. The proceeds of any sale held by Deed of Trust Trustee or any receiver or public officer in foreclosure of the liens evidenced hereby shall be applied pursuant to Section 17 of the Facilities Lease and Section 17 of the Ground Lease.

IN WITNESS WHEREOF, Grantor has executed this Deed of Trust on the date of the acknowledgement set forth below, to be effective as of the Effective Date.

GRANTOR:
JEFFERSON RAILPORT TERMINAL II LLC, a Delaware
limited liability company

By: /s/ Alfred Salazar
Print Name: Alfred Salazar
Title: Authorized Signatory

STATE OF TEXAS

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me by Alfred Salazar, the Authorized Signatory of JEFFERSON RAILPORT TERMINAL II LLC, a Delaware limited liability company, this the 3rd day of March, 2016.

(Seal) /s/Donna Bruney_____
Notary Public – State of Texas

Signature Page

Exhibit 21.1

SUBSIDIARIES OF FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC

Subsidiary	Jurisdiction of Incorporation/Organization
Fortress Worldwide Transportation and Infrastructure General Partnership	Delaware
WWTAI AirOpCo 1Bermuda Ltd.	Bermuda
WWTAI Finance Ltd.	Bermuda
WWTAI Offshore Co 1 Ltd.	Bermuda
WWTAI Container Holdco Ltd. (f/k/a WWTAI Container GP 1 Ltd.)	Bermuda
WWTAI Container 1 Ltd.	Bermuda
Intermodal Finance 1 Ltd.	Cayman Islands
WWTAI AirOpCo II Limited	Ireland
FTAI Subsea 88 Ltd.	Bermuda
Intermodal Finance II Ltd.	Bermuda
FTAI IES Pioneer Ltd.	Malaysia
Intermodal Finance III Ltd.	Bermuda
Fortress Transportation and Infrastructure Investors LLC (f/k/a Fortress Transportation and Infrastructure Investors Ltd.)	Delaware
FTAI Energy Co 1 Ltd.	Bermuda
Central Maine & Quebec Railway US Inc.	Delaware
CMQ Canada LLC	Delaware
Central Maine & Quebec Railway Canada Inc.	Canada
Railroad Acquisition Holdings LLC	Delaware
Jefferson Storage I LLC	Delaware
FTAI Pride LLC	Delaware
WWTAI AirOpCo I USA LLC	Delaware
WWTAI HiLoad Ltd. (process of dissolution)	Bermuda
FTAI Energy Co1 LLC	Delaware
FTAI IES Pioneer Ltd.	Malaysia
FTAI Energy Holdings LLC	Delaware
FTAI Midstream Holdings LLC	Delaware
FTAI Railcar Holdings LLC	Delaware
FTAI Energy Partners LLC	Delaware
FTAI Midstream Holdings LLC	Delaware
FTAI Energy Development Holdings LLC	Delaware
FTAI Energy Downstream Holdings LLC	Delaware
Jefferson Gulf Coast Management LLC	Delaware
JGC Investment Holdings LLC	Delaware
Jefferson 2010 Bond Holdings LLC	Delaware
Jefferson 2012 Bond Holdings LLC	Delaware
Jefferson Gulf Coast Energy Holdings LLC	Delaware
Jefferson Gulf Coast Energy Partners LLC	Delaware
Jefferson DRE Liabilities LLC	Delaware
Jefferson Terminal Logistics LLC	Delaware
Jefferson Railport Terminal I LLC	Delaware

Jefferson Railport Terminal II LLC	Delaware
Jefferson Gas Processing LLC	Delaware
Jefferson Gulf Coast Real Estate LLC	Delaware
Jefferson Truck Terminal I LLC	Delaware
Jefferson Docks I LLC	Delaware
Jefferson Railport Terminal I (Texas) LLC	Texas
Jefferson Pipeline I LLC	Delaware
FTAI Offshore Holdings L.P.	Cayman Islands
FTAI Midstream GP LLC	Delaware
FTAI Partners Holdings LLC	Delaware
FTAI Midstream GP Holdings LLC	Delaware
WWTAI IES MT6015 Ltd.	Malaysia
AirOpCo 1ET Bermuda Ltd.	Bermuda
AirOpCo 1ASL Bermuda Ltd.	Bermuda
AirOpCo 1JT Bermuda Ltd.	Bermuda
AirOpCo 1KOME Bermuda Ltd.(process of dissolution)	Bermuda
AirOpCo II ME Ireland Limited	Ireland
AirOpCo II KO Ireland Limited	Ireland
Delaware River Partners LLC	Delaware
DRP Holdco LLC	Delaware
WWTAI AirOpCo Malta Limited	Malta
AirOpCo I SD Ireland Limited	Ireland
WWTAI AirOpCo 2 Bermuda Ltd.	Bermuda
Ohio River Partners Holdco LLC	Delaware
Ohio River Partners Finance LLC	Delaware
Jefferson Energy Canco LLC	Delaware
Jefferson Energy Canada ULC	Canada
Ohio River Partners Shareholder LLC	Delaware
Jefferson Energy Marketing LLC	Delaware
Ohio River Partners LLC	Delaware
FTAI Energy Marketing LLC	Delaware
FTAI Pride Chartering LLC	Marshall Islands
FTAI Pride Labuan Ltd.	Malaysia
Jefferson Railport Terminal II Holdings LLC	Delaware

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Joseph P. Adams, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Fortress Transportation and Infrastructure Investors LLC (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Paragraph omitted in accordance with Exchange Act Rules 13a-14(a) and 15d-14(a)];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 9, 2016
(Date)

/s/ Joseph P. Adams, Jr.

Joseph P. Adams, Jr.
Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Jonathan G. Atkeson, certify that:

1. I have reviewed this annual report on Form 10-K of Fortress Transportation and Infrastructure Investors LLC (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) [Paragraph omitted in accordance with Exchange Act Rules 13a-14(a) and 15d-14(a)];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 9, 2016
(Date)

/s/ Jonathan G. Atkeson
Jonathan G. Atkeson
Chief Financial Officer

EXHIBIT 32.1

**CERTIFICATION OF CEO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Fortress Transportation and Infrastructure Investors LLC (the "Company") for the annual period ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Joseph P. Adams, Jr., as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joseph P. Adams, Jr.

Joseph P. Adams, Jr.

Chief Executive Officer

March 9, 2016

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

**CERTIFICATION OF CFO PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of Fortress Transportation and Infrastructure Investors LLC (the "Company") for the annual period ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jonathan G. Atkeson, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jonathan G. Atkeson

Jonathan G. Atkeson

Chief Financial Officer

March 9, 2016

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.