

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

FORM 10-Q

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

For the quarterly period ended **March 31, 2020**

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 AND INFRASTRUCTURE INVESTORS LLC

(Exact name of registrant as specified in its charter)

Delaware

32-0434238

(State or other jurisdiction of incorporation or organization)

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

1345 Avenue of the Americas, 45th Floor

New York

NY

10105

(Address of principal executive offices)

(Zip Code)

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

(Former name, former address and former fiscal year, if changed since last report) **N/A**

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

| Title of each class: | Trading Symbol: | Name of exchange on which registered: |
|--|-----------------|---------------------------------------|
| Class A common shares, \$0.01 par value per share | FTAI | New York Stock Exchange |
| 8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares | FTAI PR A | New York Stock Exchange |
| 8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares | FTAI PR B | New York Stock Exchange |

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

There were 85,114,636 common shares representing limited liability company interests outstanding at April 28, 2020.

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 us. 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, including, but not limited to, public health crises, such as the COVID-19 pandemic, and any actions taken by businesses and governments;
- 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 enter into new 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 and intermodal transport 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 Investment Company Act of 1940 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 control 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 actual, potential or perceived conflicts of interest in our relationship with our Manager;
- effects of the merger of Fortress Investment Group LLC with affiliates of SoftBank Group Corp.;
- volatility in the market price of our 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.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share and per share data)

| | Notes | (Unaudited) March 31, 2020 | December 31, 2019 |
|---|-------|-------------------------------|---------------------|
| Assets | | | |
| Cash and cash equivalents | 2 | \$ 45,120 | \$ 226,512 |
| Restricted cash | 2 | 78,268 | 16,005 |
| Accounts receivable, net | | 57,945 | 49,470 |
| Leasing equipment, net | 4 | 1,680,646 | 1,707,059 |
| Operating lease right-of-use assets, net | 13 | 62,965 | 37,466 |
| Finance leases, net | 5 | 7,995 | 8,315 |
| Property, plant, and equipment, net | 6 | 789,300 | 732,109 |
| Investments | 7 | 194,352 | 180,550 |
| Intangible assets, net | 8 | 25,115 | 27,692 |
| Goodwill | | 122,735 | 122,639 |
| Other assets | 2 | 112,147 | 129,105 |
| Total assets | | \$ 3,176,588 | \$ 3,236,922 |
| Liabilities | | | |
| Accounts payable and accrued liabilities | | \$ 82,928 | \$ 144,855 |
| Debt, net | 9 | 1,445,735 | 1,420,928 |
| Maintenance deposits | | 198,694 | 208,944 |
| Security deposits | | 42,182 | 45,252 |
| Operating lease liabilities | 13 | 62,524 | 36,968 |
| Other liabilities | | 32,701 | 41,118 |
| Total liabilities | | \$ 1,864,764 | \$ 1,898,065 |
| Commitments and contingencies | 19 | | |
| Equity | | | |
| Common shares (\$0.01 par value per share; 2,000,000,000 shares authorized; 85,114,636 and 84,917,448 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively) | | \$ 851 | \$ 849 |
| Preferred shares (\$0.01 par value per share; 200,000,000 shares authorized; 8,050,000 and 8,050,000 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively) | | 81 | 81 |
| Additional paid in capital | | 1,110,028 | 1,110,122 |
| Retained earnings | | 159,199 | 190,453 |
| Accumulated other comprehensive income | | 9,130 | 372 |
| Shareholders' equity | | 1,279,289 | 1,301,877 |
| Non-controlling interest in equity of consolidated subsidiaries | | 32,535 | 36,980 |
| Total equity | | 1,311,824 | 1,338,857 |
| Total liabilities and equity | | \$ 3,176,588 | \$ 3,236,922 |

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)
(Dollars in thousands, except share and per share data)

| | Notes | Three Months Ended March 31, | |
|--|---------|------------------------------|-------------------|
| | | 2020 | 2019 |
| Revenues | | | |
| Equipment leasing revenues | | \$ 86,449 | \$ 72,452 |
| Infrastructure revenues | | 26,391 | 42,442 |
| Total revenues | 12 | 112,840 | 114,894 |
| Expenses | | | |
| Operating expenses | | 33,444 | 54,310 |
| General and administrative | | 4,663 | 4,184 |
| Acquisition and transaction expenses | | 3,194 | 1,474 |
| Management fees and incentive allocation to affiliate | 16 | 4,766 | 3,838 |
| Depreciation and amortization | 4, 6, 8 | 42,197 | 38,863 |
| Interest expense | | 22,861 | 20,734 |
| Total expenses | | 111,125 | 123,403 |
| Other income (expense) | | | |
| Equity in earnings (losses) of unconsolidated entities | 7 | 265 | (384) |
| (Loss) gain on sale of assets, net | | (1,819) | 1,718 |
| Loss on extinguishment of debt | 9 | (4,724) | — |
| Interest income | | 41 | 91 |
| Other income (expense) | | 33 | (2,603) |
| Total other expense | | (6,204) | (1,178) |
| Loss from continuing operations before income taxes | | | |
| | | (4,489) | (9,687) |
| (Benefit from) provision for income taxes | 15 | (98) | 267 |
| Net loss from continuing operations | | (4,391) | (9,954) |
| Net income from discontinued operations, net of income taxes | | 1,331 | 158 |
| Net loss | | | |
| | | (3,060) | (9,796) |
| Less: Net loss attributable to non-controlling interests in consolidated subsidiaries: | | | |
| Continuing operations | | (4,736) | (3,360) |
| Discontinued operations | | — | (56) |
| Dividends on preferred shares | | 4,539 | — |
| Net loss attributable to shareholders | | \$ (2,863) | \$ (6,380) |
| Earnings (loss) per share: | | | |
| | 18 | | |
| Basic | | | |
| Continuing operations | | \$ (0.05) | \$ (0.07) |
| Discontinued operations | | \$ 0.02 | \$ 0.00 |
| Diluted | | | |
| Continuing operations | | \$ (0.05) | \$ (0.07) |
| Discontinued operations | | \$ 0.02 | \$ 0.00 |
| Weighted average shares outstanding: | | | |
| Basic | | 86,008,099 | 85,986,453 |
| Diluted | | 86,008,099 | 85,986,453 |

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)
(Dollars in thousands)

| | Three Months Ended March 31, | |
|--|-------------------------------------|--------------------|
| | 2020 | 2019 |
| Net loss | \$ (3,060) | \$ (9,796) |
| Other comprehensive income (loss): | | |
| Other comprehensive income (loss) related to equity method investees, net ⁽¹⁾ | 8,758 | (43,012) |
| Comprehensive income (loss) | 5,698 | (52,808) |
| Continuing operations | (4,736) | (3,360) |
| Discontinued operations | — | (56) |
| Comprehensive income (loss) attributable to shareholders | \$ 10,434 | \$ (49,392) |

⁽¹⁾ Net of deferred tax expense of \$2,326 and \$0 for the three months ended March 31, 2020 and 2019, respectively.

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
(Dollars in thousands)

| Three Months Ended March 31, 2020 | | | | | | | |
|--|---------------|------------------|----------------------------|-------------------|--|---|---------------------|
| | Common Shares | Preferred Shares | Additional Paid In Capital | Retained Earnings | Accumulated Other Comprehensive Income | Non-Controlling Interest in Equity of Consolidated Subsidiaries | Total Equity |
| Equity - December 31, 2019 | \$ 849 | \$ 81 | \$ 1,110,122 | \$ 190,453 | \$ 372 | \$ 36,980 | \$ 1,338,857 |
| Net income (loss) | | | | 1,676 | | (4,736) | (3,060) |
| Other comprehensive loss | | | | — | 8,758 | — | 8,758 |
| Total comprehensive loss | | | | 1,676 | 8,758 | (4,736) | 5,698 |
| Issuance of common shares | 2 | | 154 | | | | 156 |
| Conversion of participating securities | | | (2) | | | | (2) |
| Dividends declared - common shares | | | | (28,391) | | | (28,391) |
| Issuance costs of preferred shares | | | (246) | | | | (246) |
| Dividends declared - preferred shares | | | | (4,539) | | | (4,539) |
| Equity-based compensation | | | | | | 291 | 291 |
| Equity - March 31, 2020 | <u>\$ 851</u> | <u>\$ 81</u> | <u>\$ 1,110,028</u> | <u>\$ 159,199</u> | <u>\$ 9,130</u> | <u>\$ 32,535</u> | <u>\$ 1,311,824</u> |

| Three Months Ended March 31, 2019 | | | | | | | |
|------------------------------------|---------------|------------------|----------------------------|---------------------|--|---|-------------------|
| | Common Shares | Preferred Shares | Additional Paid In Capital | Accumulated Deficit | Accumulated Other Comprehensive Income | Non-Controlling Interest in Equity of Consolidated Subsidiaries | Total Equity |
| Equity - December 31, 2018 | \$ 840 | \$ — | \$ 1,029,376 | \$ (32,817) | \$ — | \$ 56,383 | \$ 1,053,782 |
| Net loss | | | | (6,380) | | (3,416) | (9,796) |
| Other comprehensive loss | | | | — | (43,012) | — | (43,012) |
| Total comprehensive loss | | | | (6,380) | (43,012) | (3,416) | (52,808) |
| Issuance of common shares | 5 | | 230 | | | — | 235 |
| Dividends declared - common shares | | | (28,383) | | | — | (28,383) |
| Equity-based compensation | | | — | | | 228 | 228 |
| Equity - March 31, 2019 | <u>\$ 845</u> | <u>\$ —</u> | <u>\$ 1,001,223</u> | <u>\$ (39,197)</u> | <u>\$ (43,012)</u> | <u>\$ 53,195</u> | <u>\$ 973,054</u> |

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(Dollars in thousands)

| | Three Months Ended March 31, | |
|---|------------------------------|---------------------|
| | 2020 | 2019 |
| Cash flows from operating activities: | | |
| Net loss | \$ (3,060) | \$ (9,796) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating activities: | | |
| Equity in (earnings) losses of unconsolidated entities | (265) | 384 |
| Gain on sale of subsidiaries | (1,331) | — |
| Loss (gain) on sale of assets, net | 1,819 | (1,725) |
| Security deposits and maintenance claims included in earnings | 8,844 | (2,953) |
| Loss on extinguishment of debt | 4,724 | — |
| Equity-based compensation | 291 | 228 |
| Depreciation and amortization | 42,197 | 39,533 |
| Change in current and deferred income taxes | 3,822 | 338 |
| Change in fair value of non-hedge derivative | 181 | 3,220 |
| Amortization of lease intangibles and incentives | 6,867 | 8,334 |
| Amortization of deferred financing costs | 2,065 | 2,025 |
| Bad debt expense | 632 | 2,950 |
| Other | 363 | 221 |
| Change in: | | |
| Accounts receivable | (10,780) | (1,127) |
| Other assets | 7,063 | (5,295) |
| Accounts payable and accrued liabilities | (46,316) | (14,348) |
| Management fees payable to affiliate | (20,865) | (1,158) |
| Other liabilities | (8,057) | (561) |
| Net cash (used in) provided by operating activities | (11,806) | 20,270 |
| Cash flows from investing activities: | | |
| Investment in unconsolidated entities | (2,452) | — |
| Principal collections on finance leases | 320 | 1,289 |
| Acquisition of leasing equipment | (57,570) | (108,919) |
| Acquisition of property, plant and equipment | (60,402) | (81,241) |
| Acquisition of lease intangibles | 1,161 | (589) |
| Purchase deposits for acquisitions | (3,100) | (4,625) |
| Proceeds from sale of leasing equipment | 28,568 | 27,292 |
| Proceeds from sale of property, plant and equipment | — | 7 |
| Return of capital distributions from unconsolidated entities | — | 398 |
| Return of deposit on sale of engine | 2,350 | — |
| Net cash used in investing activities | \$ (91,125) | \$ (166,388) |

See accompanying notes to consolidated financial statements.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)
(Dollars in thousands)

| | Three Months Ended March 31, | |
|---|------------------------------|-------------------|
| | 2020 | 2019 |
| Cash flows from financing activities: | | |
| Proceeds from debt | \$ 303,980 | \$ 352,680 |
| Repayment of debt | (275,991) | (47,222) |
| Payment of deferred financing costs | (11,767) | (28,611) |
| Receipt of security deposits | 130 | 1,935 |
| Return of security deposits | (3,815) | (233) |
| Receipt of maintenance deposits | 13,626 | 13,495 |
| Release of maintenance deposits | (9,185) | (9,807) |
| Issuance costs of preferred shares | (246) | — |
| Cash dividends - common shares | (28,391) | (28,383) |
| Cash dividends - preferred shares | (4,539) | — |
| Net cash (used in) provided by financing activities | \$ (16,198) | \$ 253,854 |
| Net (decrease) increase in cash and cash equivalents and restricted cash | (119,129) | 107,736 |
| Cash and cash equivalents and restricted cash, beginning of period | 242,517 | 120,837 |
| Cash and cash equivalents and restricted cash, end of period | \$ 123,388 | \$ 228,573 |
| Supplemental disclosure of non-cash investing and financing activities: | | |
| Acquisition of leasing equipment | 18,872 | (2,128) |
| Acquisition of property, plant and equipment | (4,982) | (11,210) |
| Settled and assumed security deposits | 1,050 | (1,604) |
| Billed, assumed and settled maintenance deposits | (13,860) | 5,405 |
| Change in fair value of cash flow hedge | — | (43,012) |
| Non-cash change in equity method investment | 8,758 | — |
| Issuance of common shares | 154 | 235 |

See accompanying notes to consolidated financial statements.

1. ORGANIZATION

Fortress Transportation and Infrastructure Investors LLC (“we”, “us”, “our” or the “Company”) is a Delaware limited liability company which, through its subsidiary, Fortress Worldwide Transportation and Infrastructure General Partnership (the “Partnership”), owns and leases aviation equipment and also owns and operates (i) a multi-modal crude oil and refined products terminal in Beaumont, Texas (“Jefferson Terminal”), (ii) a deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities (“Repauno”) and (iii) an equity method investment in a multi-modal terminal located along the Ohio River with multiple industrial development opportunities, including a power plant under construction (“Long Ridge”). Additionally, we own and lease offshore energy equipment and shipping containers. We have three reportable segments, (i) Aviation Leasing, (ii) Jefferson Terminal and (iii) Ports and Terminals, which operate in two primary businesses, Equipment Leasing and Infrastructure (see Note 17).

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 us and our subsidiaries.

Principles of Consolidation—We consolidate all entities in which we have a controlling financial interest and control over significant operating decisions, as well as variable interest entities (“VIEs”) in which we are the primary beneficiary. All significant intercompany transactions and balances have been eliminated. All adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The ownership interest of other investors in consolidated subsidiaries is recorded as non-controlling interest.

We use the equity method of accounting for investments in entities in which we exercise significant influence but which do not meet the requirements for consolidation. Under the equity method, we record our proportionate share of the underlying net income (loss) of these entities.

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, we encounter 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 we operate, which could adversely impact the pricing of the services offered by us 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 our leasing equipment or operating assets. Capital market risk is the risk that we are unable to obtain capital at reasonable rates to fund the growth of our business or to refinance existing debt facilities. We, through our subsidiaries, also conduct operations outside of the United States; such international operations are subject to the same risks as those associated with our 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. We do not have significant exposure to foreign currency risk as all of our leasing arrangements and the majority of terminal services revenue are denominated in U.S. dollars.

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.

Delaware River Partners LLC

During 2016, through Delaware River Partners LLC (“DRP”), a consolidated subsidiary, we purchased the assets of Repauno, which consisted primarily of land, a storage cavern, and riparian rights for the acquired land, site improvements and rights. Upon acquisition there were no operational processes that could be applied to these assets that would result in outputs without significant green field development. We currently hold an approximately 98% economic interest, and a 100% voting interest in DRP. DRP is solely reliant on us to finance its activities and therefore is a VIE. We concluded that we were the primary beneficiary; and accordingly, DRP has been presented on a consolidated basis in the accompanying financial statements.

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

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

Restricted Cash—Restricted cash consists of prepaid interest and principal pursuant to the requirements of certain of our debt agreements (see Note 9) and other qualifying construction projects at Jefferson Terminal.

Inventory—Commodities inventory is carried at the lower of cost or net realizable value on our balance sheet. Commodities are removed from inventory based on the average cost at the time of sale. We had commodities inventory of \$0.1 million and \$5.6 million as of March 31, 2020 and December 31, 2019, respectively, which is included in Other assets in the Consolidated Balance Sheets.

Deferred Financing Costs—Costs incurred in connection with obtaining long term financing are capitalized and amortized to interest expense over the term of the underlying loans. Unamortized deferred financing costs of \$26.4 million and \$18.1 million as of March 31, 2020 and December 31, 2019, respectively, are recorded as a component of debt in the Consolidated Balance Sheets.

We also have unamortized deferred revolver fees related to our revolving debt of \$2.1 million and \$1.7 million as of March 31, 2020 and December 31, 2019, respectively, which are included in Other assets in the Consolidated Balance Sheets.

Amortization expense was \$2.1 million and \$2.0 million for the three months ended March 31, 2020 and 2019, respectively, and is included in interest expense in the Consolidated Statements of Operations.

Revenue Recognition

Equipment Leasing Revenues

Operating Leases—We lease 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.

Generally, under our aircraft lease and engine agreements, the lessee is required to make periodic maintenance payments calculated based on the lessee's utilization of the leased asset or at the end of the lease. Typically, under our aircraft lease agreements, the lessee is responsible for maintenance, repairs and other operating expenses throughout the term of the lease. These periodic maintenance payments accumulate over the term of the lease to fund major maintenance events, and we are contractually obligated to return maintenance payments to the lessee up to the amount paid by the lessee. In the event the total cost of maintenance events over the term of a lease is less than the cumulative maintenance payments, we are not required to return any unused or excess maintenance payments to the lessee.

Maintenance payments received for which we expect to repay to the lessee are presented as Maintenance Deposits in our Consolidated Balance Sheets. All excess maintenance payments received that we do not expect to repay to the lessee are recorded as Maintenance revenues.

Finance Leases—From time to time we enter into finance lease arrangements that include a lessee obligation to purchase the leased equipment at the end of the lease term, a bargain purchase option, or provides for minimum lease payments with a present value that equals or exceeds substantially all of the fair value of the leased equipment at the date of lease inception. Net investment in finance lease represents the minimum lease payments due from lessee, 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. 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.

Infrastructure Revenues

Terminal Services Revenues—Terminal services are provided to customers for the receipt and redelivery of various commodities. These revenues are recognized over time, i.e., as the services are rendered and the customer simultaneously receives and consumes the benefit over time.

Lease Income—Lease income consists of rental income from tenants for storage space. Lease income is recognized on a straight-line basis over the terms of the relevant lease agreement.

Crude Marketing Revenues—Crude marketing revenues consists of marketing revenue related to Canadian crude oil. The revenues are recognized over time, i.e., as the services are rendered and the customer simultaneously receives and consumes the benefit over time.

Other Revenue—Other revenue primarily consists of revenue related to the handling, storage and sale of raw materials. Other revenue consists of two performance obligations: handling and storage of raw materials. The revenues are recognized over time, i.e., as the services are rendered and the customer simultaneously receives and consumes the benefit over time.

Payment terms for Infrastructure Revenues are generally short term in nature.

Leasing Arrangements—At contract inception, we evaluate whether an arrangement is or contains a lease for which we are the lessee (that is, arrangements which provide us with the right to control a physical asset for a period of time). Operating lease right-of-use (“ROU”) assets and lease liabilities are recognized in Operating lease right-of-use assets, net and Operating lease liabilities in our Consolidated Balance Sheets, respectively. Finance lease ROU assets are recognized in Property, plant and equipment, net and lease liabilities are recognized in Other liabilities in our Consolidated Balance Sheets.

All lease liabilities are measured at the present value of the unpaid lease payments, discounted using our incremental borrowing rate based on the information available at commencement date of the lease. ROU assets, for both operating and finance leases, are initially measured based on the lease liability, adjusted for prepaid rent and lease incentives. ROU assets are subsequently measured at the carrying amount of the lease liability adjusted for prepaid or accrued lease payments and lease incentives. The finance lease ROU assets are subsequently amortized using the straight-line method.

Operating lease expenses are recognized on a straight-line basis over the lease term. With respect to finance leases, amortization of the ROU asset is presented separately from interest expense related to the finance lease liability. Variable lease payments, which are primarily based on usage, are recognized when the associated activity occurs.

We have elected to combine lease and non-lease components for all lease contracts where we are the lessee. Additionally, for arrangements with lease terms of 12 months or less, we do not recognize ROU assets, and lease liabilities and lease payments are recognized on a straight-line basis over the lease term with variable lease payments recognized in the period in which the obligation is incurred.

Concentration of Credit Risk—We are subject to concentrations of credit risk with respect to amounts due from customers on our finance leases and operating leases. We attempt to limit our credit risk by performing ongoing credit evaluations. During the three months ended March 31, 2020, one customer in the Jefferson Terminal segment and one customer in the Aviation Leasing segment accounted for approximately 16% and 11% of total revenue, respectively. During the three months ended March 31, 2019, one customer in the Jefferson Terminal segment accounted for approximately 22% of total revenue.

As of March 31, 2020, there were no customers that represented greater than 10% of total accounts receivable, net. As of December 31, 2019, accounts receivable from one customer in the Jefferson Terminal segment represented 16% of total accounts receivable, net.

We maintain cash and restricted cash balances, which generally exceed federally insured limits, and subject us to credit risk, in high credit quality financial institutions. We monitor the financial condition of these institutions and have not experienced any losses associated with these accounts.

Provision for Doubtful Accounts—We determine the provision for doubtful accounts based on our assessment of the collectability of our receivables on a customer-by-customer basis. The provision for doubtful accounts was \$1.7 million and \$1.3 million as of March 31, 2020 and December 31, 2019, respectively. Bad debt expense was \$0.6 million and \$2.9 million for the three months ended March 31, 2020 and 2019, respectively, and is included in operating expenses in the Consolidated Statements of Operations.

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. Our comprehensive income (loss) represents net income (loss), as presented in the Consolidated Statements of Operations, adjusted for fair value changes related to other comprehensive income related to our equity method investees.

Derivative Financial Instruments

Electricity Derivatives—Through our equity method investment in Long Ridge, we enter into derivative contracts as part of a risk management program to mitigate price risk associated with certain electricity price exposures. We primarily use swap derivative contracts, which are agreements to buy or sell a quantity of electricity at a predetermined future date and at a predetermined price.

Cash Flow Hedges

Certain of these derivative instruments are designated and qualify as cash flow hedges. Our share of the derivative's gain or loss is reported as Other comprehensive income related to equity method investees in our Consolidated Statements of Comprehensive Income (Loss) and recorded in Accumulated other comprehensive income in our Consolidated Balance Sheets.

Derivatives Not Designated As Hedging Instruments

Certain of these derivative instruments are not designated as hedging instruments for accounting purposes. The change in fair value of these contracts is recognized in Equity in earnings (losses) in unconsolidated entities in the Consolidated Statements of Operations. The cash flow impact of derivative contracts that are not designated as hedging instruments is recognized in Investment in unconsolidated entities in our Consolidated Statements of Cash Flows.

Commodity Derivatives—We also enter into short-term and long-term crude forward contracts. Gains and losses related to our crude sales and purchase derivatives are recorded on a gross basis and are included in Crude marketing revenues and Operating expenses, respectively, in our Consolidated Statements of Operations. See Note 11 for additional details. The cash flow impact of these derivatives is recognized in Change in fair value of non-hedge derivatives in our Consolidated Statements of Cash Flows.

All of our outstanding derivatives are not used for speculative purposes. We record all derivative assets and liabilities on a gross basis at fair value and are included in Other assets and Other liabilities, respectively, in our Consolidated Balance Sheets.

Other Assets—Other assets is primarily comprised of lease incentives of \$48.2 million and \$45.3 million, prepaid expenses of \$3.6 million and \$4.1 million, notes receivable of \$3.8 million and \$2.4 million and maintenance right assets of \$15.0 million and \$24.5 million as of March 31, 2020 and December 31, 2019, respectively.

Dividends—Dividends are recorded if and when declared by the Board of Directors. For both the three months ended March 31, 2020 and 2019, the Board of Directors declared a cash dividend of \$0.33 per common share.

Additionally, in the quarter ended March 31, 2020, the Board of Directors declared a cash dividend on the Series A Preferred Shares and Series B Preferred Shares of \$0.52 and \$0.50 per share, respectively.

Recent Accounting Pronouncements—In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASU 2016-13”). For assets held at amortized cost basis, ASU 2016-13 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however this ASU requires that credit losses be presented as an allowance rather than as a write-down. This ASU affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The amendments affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. We adopted this ASU in the first quarter of 2020 and adoption did not have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment (“ASU 2017-04”)*. ASU 2017-04 addresses concerns over the cost and complexity of the two-step goodwill impairment test by removing the second step of the test. An entity will apply a one-step quantitative test and record the amount of goodwill impairment as the excess of a reporting unit’s carrying amount over its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. The new guidance does not amend the optional qualitative assessment of goodwill impairment. We adopted this ASU in the first quarter of 2020 and adoption did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of its disclosure framework project. We adopted this ASU in the first quarter of 2020 and adoption did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which temporarily simplifies the accounting for contract modifications, including hedging relationships, due to the transition from LIBOR and other interbank offered rates to alternative reference interest rates. For example, entities can elect not to remeasure the contracts at the modification date or reassess a previous accounting determination if certain conditions are met. Additionally, entities can elect to continue applying hedge accounting for hedging relationships affected by reference rate reform if certain conditions are met. The new standard was effective upon issuance and generally can be applied to applicable contract modifications through December 31, 2022. We are currently evaluating the impact of the transition from LIBOR to alternative reference interest rates, but do not expect a material impact on our consolidated financial statements.

Unadopted Accounting Pronouncements—In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes (Topic 740)*. This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in ASC 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020 and early adoption is permitted. We are currently assessing the impact this guidance will have on our consolidated financial statements.

3. DISCONTINUED OPERATIONS

In December 2019, we completed the sale of substantially all of our railroad business ("CMQR"), which was previously reported as our Railroad segment. Under ASC 205-20, this disposition met the criteria to be reported as discontinued operations. Accordingly, the results of operations of CMQR have been reported as discontinued operations for all periods presented.

The following table presents the significant components of net income from discontinued operations:

| | Three Months Ended March 31, | |
|---|------------------------------|---------------|
| | 2020 | 2019 |
| Revenues | | |
| Total revenues | \$ — | \$ 9,733 |
| Expenses | | |
| Operating expense | — | 8,156 |
| Depreciation and amortization | — | 670 |
| Interest expense | — | 569 |
| Total expenses | — | 9,395 |
| Gain on sale of assets, net | 1,331 | 7 |
| Other expense | — | (1) |
| Other income | 1,331 | 6 |
| Income before income taxes | 1,331 | 344 |
| Provision for income taxes | — | 186 |
| Net income | 1,331 | 158 |
| Less: Net loss attributable to non-controlling interests in consolidated subsidiaries | — | (56) |
| Net income attributable to shareholders | \$ 1,331 | \$ 214 |

The following table presents the significant non-cash items and capital expenditures from discontinued operations:

| | Three Months Ended March 31, | |
|--|------------------------------|--------|
| | 2020 | 2019 |
| Operating activities: | | |
| Depreciation and amortization | \$ — | \$ 670 |
| Bad debt expense | — | 28 |
| Share-based compensation expense | — | 46 |
| Investing activities: | | |
| Purchases of property, plant and equipment | \$ — | \$ 377 |

4. LEASING EQUIPMENT, NET

Leasing equipment, net is summarized as follows:

| | March 31, 2020 | December 31, 2019 |
|--------------------------------|---------------------|---------------------|
| Leasing equipment | \$ 2,024,191 | \$ 2,019,773 |
| Less: accumulated depreciation | (343,545) | (312,714) |
| Leasing equipment, net | \$ 1,680,646 | \$ 1,707,059 |

The following table presents information related to our acquisitions and dispositions of aviation leasing equipment during the three months ended March 31, 2020:

| | |
|---------------|---|
| Acquisitions: | |
| Aircraft | 2 |
| Engines | 4 |
| Dispositions: | |
| Aircraft | — |
| Engines | 1 |

Depreciation expense for leasing equipment is summarized as follows:

| | Three Months Ended March 31, | |
|--|------------------------------|-----------|
| | 2020 | 2019 |
| Depreciation expense for leasing equipment | \$ 34,724 | \$ 31,896 |

5. FINANCE LEASES, NET

Finance leases, net are summarized as follows:

| | March 31, 2020 | December 31, 2019 |
|----------------------------|-----------------|-------------------|
| Finance leases | \$ 11,638 | \$ 12,388 |
| Unearned revenue | (3,643) | (4,073) |
| Finance leases, net | \$ 7,995 | \$ 8,315 |

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
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(Dollars in tables in thousands, unless otherwise noted)

6. PROPERTY, PLANT AND EQUIPMENT, NET

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

| | March 31, 2020 | December 31, 2019 |
|---|--------------------------|--------------------------|
| Land, site improvements and rights | \$ 51,841 | \$ 51,901 |
| Construction in progress | 256,375 | 211,110 |
| Buildings and improvements | 4,033 | 3,783 |
| Terminal machinery and equipment | 538,366 | 519,603 |
| Track and track related assets | 2,348 | 2,208 |
| Railroad equipment | 5,402 | 4,823 |
| Computer hardware and software | 4,524 | 4,325 |
| Furniture and fixtures | 2,372 | 2,322 |
| Other | 609 | 1,969 |
| | <u>865,870</u> | <u>802,044</u> |
| Less: accumulated depreciation | (76,570) | (69,935) |
| Property, plant and equipment, net | <u><u>\$ 789,300</u></u> | <u><u>\$ 732,109</u></u> |

During the three months ended March 31, 2020, we added property, plant and equipment of \$63.8 million, which primarily consists of terminal machinery and equipment placed in service or under development at Jefferson Terminal and Repauno.

Depreciation expense for property, plant and equipment is summarized as follows:

| | Three Months Ended March 31, | |
|---|------------------------------|------------------------|
| | 2020 | 2019 |
| Depreciation expense for property, plant and equipment: | | |
| Continuing operations | \$ 6,585 | \$ 6,078 |
| Discontinued operations | — | 659 |
| Total | <u><u>\$ 6,585</u></u> | <u><u>\$ 6,737</u></u> |

7. INVESTMENTS

The following table presents the ownership interests and carrying values of our investments:

| | Investment | Ownership Percentage | Carrying Value | |
|----------------------------|---------------|----------------------|--------------------------|--------------------------|
| | | | March 31, 2020 | December 31, 2019 |
| Advanced Engine Repair JV | Equity method | 25% | \$ 24,061 | \$ 24,652 |
| Intermodal Finance I, Ltd. | Equity method | 51% | 405 | 501 |
| Long Ridge Terminal LLC | Equity method | 50% | 169,886 | 155,397 |
| Investments | | | <u><u>\$ 194,352</u></u> | <u><u>\$ 180,550</u></u> |

We did not recognize any other-than-temporary impairments for the three months ended March 31, 2020 or 2019.

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Equity Method Investments

The following table presents our proportionate share of equity in income (losses):

| | Three Months Ended March 31, | |
|----------------------------|------------------------------|-----------------|
| | 2020 | 2019 |
| Advanced Engine Repair JV | \$ (591) | \$ (201) |
| JGP Energy Partners LLC | — | (220) |
| Intermodal Finance I, Ltd. | (50) | 37 |
| Long Ridge Terminal LLC | 906 | — |
| Total | \$ 265 | \$ (384) |

Long Ridge Terminal LLC

In December 2019, Ohio River Shareholder LLC (“ORP”) contributed its equity interests in Long Ridge into Long Ridge Terminal LLC and sold a 49.9% interest (the “Long Ridge Transaction”) for \$150 million in cash, plus an earn out. We no longer have a controlling interest in Long Ridge but still maintain significant influence through our retained interest and, therefore, now account for this investment in accordance with the equity method. Following the sale we deconsolidated ORP, which held the assets of Long Ridge.

The following table presents a summarized statement of operations for the three months ended March 31, 2020:

| | |
|-------------------|-----------------|
| Total revenue | \$ 4,738 |
| Total expenses | 6,375 |
| Other income | 3,445 |
| Net income | \$ 1,808 |

Advanced Engine Repair JV

In December 2016, we invested \$15 million for 25% interest in an advanced engine repair joint venture. We focus on developing new costs savings programs for engine repairs. We exercise significant influence over this investment and account for this investment as an equity method investment.

In August 2019, we expanded the scope of our joint venture and invested an additional \$13.5 million and maintained a 25% interest.

The following table presents a summarized statement of operations:

| | Three Months Ended March 31, | |
|-----------------|------------------------------|-----------------|
| | 2020 | 2019 |
| Total revenue | \$ — | \$ — |
| Total expenses | 2,364 | 804 |
| Net loss | \$ (2,364) | \$ (804) |

JGP Energy Partners LLC

In 2016, we initiated activities in a 50% non-controlling interest in JGP, a joint venture. JGP was governed by a designated operating committee selected by the members in proportion to their equity interests. JGP was solely reliant on its members to finance its activities and therefore was a VIE. Initially, we concluded that we were not the primary beneficiary of JGP as the members shared equally in the risks and rewards and decision making authority of the entity and, therefore, we did not consolidate JGP and instead accounted for this investment in accordance with the equity method.

In December 2019, we purchased the remaining 50% interest in JGP from the JV partner for a purchase price of approximately \$30 million, consolidated JGP and no longer account for this as an equity method investment.

Intermodal Finance I, Ltd.

In 2012, we acquired a 51% non-controlling interest in Intermodal Finance I, Ltd. (“Intermodal”), a joint venture. Intermodal is governed by a board of directors, and its shareholders have voting rights through their equity interests. As such, Intermodal is not within the scope of ASC 810-20 and should be evaluated for consolidation under the voting interest model. Due to the existence of substantive participating rights of the 49% equity investor, including the joint approval of material operating and capital decisions, such as material contracts and capital expenditures consistent with ASC 810-10-25-11, we do not have unilateral rights over this investment; therefore, we do not consolidate Intermodal but account for this investment in accordance with the equity method. We do not have a variable interest in this investment as none of the criteria of ASC 810-10-15-14 were met.

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As of March 31, 2020, Intermodal owns a portfolio of approximately 3,000 shipping containers subject to multiple operating leases.

8. INTANGIBLE ASSETS AND LIABILITIES, NET

Intangible assets and liabilities, net are summarized as follows:

| | March 31, 2020 | | |
|--|------------------|--------------------|------------------|
| | Aviation Leasing | Jefferson Terminal | Total |
| Intangible assets | | | |
| Acquired favorable lease intangibles | \$ 34,094 | \$ — | \$ 34,094 |
| Less: Accumulated amortization | (24,672) | — | (24,672) |
| Acquired favorable lease intangibles, net | 9,422 | — | 9,422 |
| Customer relationships | — | 35,513 | 35,513 |
| Less: Accumulated amortization | — | (19,820) | (19,820) |
| Acquired customer relationships, net | — | 15,693 | 15,693 |
| Total intangible assets, net | \$ 9,422 | \$ 15,693 | \$ 25,115 |
| Intangible liabilities | | | |
| Acquired unfavorable lease intangibles | \$ 5,061 | \$ — | \$ 5,061 |
| Less: Accumulated amortization | (2,301) | — | (2,301) |
| Acquired unfavorable lease intangibles, net | \$ 2,760 | \$ — | \$ 2,760 |

| | December 31, 2019 | | |
|--|-------------------|--------------------|------------------|
| | Aviation Leasing | Jefferson Terminal | Total |
| Intangible assets | | | |
| Acquired favorable lease intangibles | \$ 49,762 | \$ — | \$ 49,762 |
| Less: Accumulated amortization | (38,652) | — | (38,652) |
| Acquired favorable lease intangibles, net | 11,110 | — | 11,110 |
| Customer relationships | — | 35,513 | 35,513 |
| Less: Accumulated amortization | — | (18,931) | (18,931) |
| Acquired customer relationships, net | — | 16,582 | 16,582 |
| Total intangible assets, net | \$ 11,110 | \$ 16,582 | \$ 27,692 |
| Intangible liabilities | | | |
| Acquired unfavorable lease intangibles | \$ 5,170 | \$ — | \$ 5,170 |
| Less: Accumulated amortization | (3,014) | — | (3,014) |
| Acquired unfavorable lease intangibles, net | \$ 2,156 | \$ — | \$ 2,156 |

Intangible liabilities relate to unfavorable lease intangibles and are included as a component of other liabilities in the Consolidated Balance Sheets.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

Amortization of intangible assets and liabilities is as follows:

| | Classification in Consolidated Statements of Operations | Three Months Ended March 31, | |
|-------------------------|--|------------------------------|-----------------|
| | | 2020 | 2019 |
| Lease intangibles | Equipment leasing revenues | \$ 1,132 | \$ 2,462 |
| Customer relationships: | Depreciation and amortization | | |
| Continuing operations | | 888 | 889 |
| Discontinued operations | | — | 11 |
| Total | | \$ 2,020 | \$ 3,362 |

As of March 31, 2020, estimated net annual amortization of intangibles is as follows:

| | |
|-------------------|------------------|
| Remainder of 2020 | \$ 5,265 |
| 2021 | 6,147 |
| 2022 | 4,820 |
| 2023 | 3,746 |
| 2024 | 2,377 |
| Thereafter | — |
| Total | \$ 22,355 |

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

9. DEBT, NET

Our debt, net is summarized as follows:

| | March 31, 2020 | | | December 31, 2019 | |
|--|------------------------|--|---------------|------------------------|------------------|
| | Outstanding Borrowings | Stated Interest Rate | Maturity Date | Outstanding Borrowings | |
| Loans payable | | | | | |
| FTAI Pride Credit Agreement | \$ — | N/A | N/A | \$ | 36,009 |
| Revolving Credit Facility ⁽¹⁾ | 40,000 | (i) Base Rate + 2.00%; or (ii) Adjusted Eurodollar Rate + 3.00% | 1/31/2022 | | — |
| Jefferson Revolver | — | N/A | N/A | | 50,000 |
| DRP Revolver ⁽²⁾ | 25,000 | (i) Base Rate + 1.50%; or (ii) Base Rate + 2.50% (Eurodollar) | 11/5/2021 | | 25,000 |
| Total loans payable | 65,000 | | | | 111,009 |
| Bonds payable | | | | | |
| Series 2012 Bonds ⁽³⁾ | — | N/A | N/A | | 41,059 |
| Series 2016 Bonds | — | N/A | N/A | | 144,200 |
| Series 2020 Bonds | 263,980 | See below | See below | | — |
| Senior Notes due 2022 ⁽⁴⁾ | 698,008 | 6.75% | 3/15/2022 | | 697,814 |
| Senior Notes due 2025 ⁽⁵⁾ | 445,137 | 6.50% | 10/1/2025 | | 444,957 |
| Total bonds payable | 1,407,125 | | | | 1,328,030 |
| Debt | 1,472,125 | | | | 1,439,039 |
| Less: Debt issuance costs | (26,390) | | | | (18,111) |
| Total debt, net | \$ 1,445,735 | | | \$ | 1,420,928 |
| Total debt due within one year | \$ — | | | \$ | 182,019 |

⁽¹⁾ Requires a quarterly commitment fee at a rate of 0.50% on the average daily unused portion, as well as customary letter of credit fees and agency fees.

⁽²⁾ Requires a quarterly commitment fee at a rate of 0.875% on the average daily unused portion, as well as customary letter of credit fees and agency fees.

⁽³⁾ Includes unamortized premium of \$1,509 as of December 31, 2019.

⁽⁴⁾ Includes unamortized discount of \$4,893 and \$5,429 at March 31, 2020 and December 31, 2019, respectively, and an unamortized premium of \$2,901 and \$3,243 at March 31, 2020 and December 31, 2019, respectively.

⁽⁵⁾ Includes unamortized discount of \$4,863 and \$5,043 at March 31, 2020 and December 31, 2019, respectively.

Series 2020 Bonds—On February 11, 2020, our subsidiary (“Jefferson”) issued Series 2020 Bonds in an aggregate principal amount of approximately \$264.0 million (“Jefferson Refinancing”). The Series 2020 Bonds are designated as \$184.9 million of Series 2020A Dock and Wharf Facility Revenue Bonds (the “Tax Exempt Series 2020A Bonds”), and \$79.1 million of Series 2020B Taxable Facility Revenue Bonds (the “Taxable Series 2020B Bonds”).

The Tax Exempt Series 2020A Bonds maturing on January 1, 2035 (\$53.5 million aggregate principal amount) bear interest at a fixed rate of 3.625%.

The Tax Exempt Series 2020A Bonds maturing on January 1, 2050 (\$131.4 million aggregate principal amount) bear interest at a fixed rate of 4.00%.

The Taxable Series 2020B Bonds will mature on January 1, 2025 and bear interest at a fixed rate of 6.00%.

Jefferson used a portion of the net proceeds from this offering to refund, redeem and defease the Series 2012 Bonds, Series 2016 Bonds and Jefferson Revolver, and intends to use a portion of the net proceeds to pay for or reimburse the cost of development, construction and acquisition of certain facilities, to fund certain reserve and funded interest accounts related to the Series 2020 Bonds, and to pay for or reimburse certain costs of issuance of the Series 2020 Bonds.

Jefferson recognized a loss on extinguishment of debt of \$4.7 million as a result of this transaction.

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
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(Dollars in tables in thousands, unless otherwise noted)

FTAI Pride Credit Agreement—During March 2020, we repaid the FTAI Pride Credit Agreement in full.

We were in compliance with all debt covenants as of March 31, 2020.

10. FAIR VALUE MEASUREMENTS

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 us to develop our 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 our financial assets measured at fair value on a recurring basis as of March 31, 2020 and December 31, 2019, by level within the fair value hierarchy. Assets 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 |
|---------------------------|-------------------|--|-------------|-------------|---------------------|
| | March 31, 2020 | March 31, 2020 | | | |
| | Total | Level 1 | Level 2 | Level 3 | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 45,120 | \$ 45,120 | \$ — | \$ — | Market |
| Restricted cash | 78,268 | 78,268 | — | — | Market |
| Total assets | \$ 123,388 | \$ 123,388 | \$ — | \$ — | |

| | Fair Value as of | Fair Value Measurements Using Fair Value Hierarchy as of | | | Valuation Technique |
|---------------------------|-------------------|--|-------------|---------------|---------------------|
| | December 31, 2019 | December 31, 2019 | | | |
| | Total | Level 1 | Level 2 | Level 3 | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 226,512 | \$ 226,512 | \$ — | \$ — | Market |
| Restricted cash | 16,005 | 16,005 | — | — | Market |
| Derivative assets | 181 | — | — | 181 | Income |
| Total | \$ 242,698 | \$ 242,517 | \$ — | \$ 181 | |

Our 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. 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.

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The fair value of our commodity derivative assets and liabilities classified as Level 3 measurements are estimated by applying the income approach, which is based on discounted projected future cash flows. The valuation of our electricity derivatives within our equity method investment in Long Ridge is based on management's best estimate of certain key assumptions, which include extrapolated power forward curves for periods with unobservable market pricing, credit valuation adjustments utilizing estimated cash flows, estimated price volatility and probability of default, and the discount rate. The valuation of our commodity derivatives is based on management's best estimate of certain key assumptions, which include an estimated differential factor for varying quality of commodity and the discount rate.

Except as discussed below, our financial instruments other than cash and cash equivalents and restricted cash consist principally of accounts receivable, accounts payable and accrued liabilities, loans payable, bonds payable, security deposits, maintenance deposits and management fees payable, whose fair values approximate their carrying values based on an evaluation of pricing data, vendor quotes, and historical trading activity or due to their short maturity profiles.

The fair value of our bonds and notes payable reported as debt, net in the Consolidated Balance Sheets are presented in the table below:

| | March 31, 2020 | December 31, 2019 |
|------------------------------------|----------------|-------------------|
| Series 2012 Bonds ⁽¹⁾ | \$ — | \$ 41,450 |
| Series 2016 Bonds ⁽¹⁾ | — | 145,143 |
| Series A 2020 Bonds ⁽²⁾ | 140,653 | — |
| Series B 2020 Bonds ⁽²⁾ | 79,814 | — |
| Senior Notes due 2022 | 654,626 | 731,451 |
| Senior Notes due 2025 | 330,183 | 475,884 |

⁽¹⁾ These bonds were defeased as part of the Jefferson Refinancing. See Note 9 for additional details.

⁽²⁾ Fair value is based upon market prices for similar municipal securities.

Due to the COVID-19 pandemic, the fair values of our notes and bonds fluctuated significantly during the first quarter and may continue to fluctuate based on market conditions and other factors.

The fair value of all other items reported as debt, net in the Consolidated Balance Sheet approximate their carrying values due to their bearing market rates of interest and are classified as Level 2 within the fair value hierarchy.

We measure 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. We record 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 our assumptions as to future cash flows from operation of the underlying businesses and the leasing and eventual sale of assets.

11. DERIVATIVE FINANCIAL INSTRUMENTS

Commodity Derivatives

Depending on market conditions, we source crude oil from producers in Canada, arranging logistics to Jefferson Terminal and marketing crude oil to third parties. We exited this strategy in the fourth quarter of 2019. These crude oil forward purchase and sales contracts are not designated in hedging relationships.

The following table presents information related to our outstanding derivative contracts:

| | Notional Amount | Fair Value of Assets ⁽¹⁾ | Fair Value of Liabilities ⁽¹⁾ | Term |
|--------------------------|-----------------|-------------------------------------|--|---------------|
| March 31, 2020 | | | | |
| Crude oil forwards (BBL) | — | — | — | N/A |
| December 31, 2019 | | | | |
| Crude oil forwards (BBL) | 150 | 181 | — | 1 to 2 months |

⁽¹⁾ Included in Other assets and Other liabilities, respectively, in our Consolidated Balance Sheets.

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The following table presents a summary of the changes in fair value for all Level 3 derivatives:

| | Three Months Ended March 31, 2020 | | Three Months Ended March 31, 2019 | |
|---|-----------------------------------|-------|-----------------------------------|--------------------|
| | Crude Oil Forwards | | Electricity Swaps ⁽¹⁾ | Crude Oil Forwards |
| Beginning Balance | \$ | 181 | \$ | 6,545 |
| Net unrealized losses recognized in earnings | | (181) | (2,370) | (850) |
| Losses recognized in other comprehensive income | | — | (43,012) | — |
| Purchases | | — | — | 4 |
| Sales | | — | — | (967) |
| Settlements | | — | — | 963 |
| Ending Balance | \$ | — | \$ | 5,695 |

⁽¹⁾ These derivatives were deconsolidated in December 2019 due to the Long Ridge Transaction. See Note 7 for additional details.

There were no transfers into or out of Level 3 during the periods presented.

12. REVENUES

We disaggregate our revenue from contracts with customers by products and services provided for each of our segments, as we believe it best depicts the nature, amount, timing and uncertainty of our revenue. Revenues attributed to our Equipment Leasing business unit are within the scope of ASC 842, while revenues attributed to our Infrastructure business unit are within the scope of ASC 606, unless otherwise noted. Under the provisions of ASC 842, we have elected to exclude sales and other similar taxes from lease payments in arrangements where we are a lessor.

| | Three Months Ended March 31, 2020 | | | | |
|---|-----------------------------------|--------------------|---------------------|---------------------|-------------------|
| | Equipment Leasing | Infrastructure | | | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Corporate and Other | |
| Equipment leasing revenues | | | | | |
| Lease income | \$ 46,941 | \$ — | \$ — | \$ 2,872 | \$ 49,813 |
| Maintenance revenue | 31,995 | — | — | — | 31,995 |
| Finance lease income | 429 | — | — | — | 429 |
| Other revenue | 3,627 | — | — | 585 | 4,212 |
| Total equipment leasing revenues | 82,992 | — | — | 3,457 | 86,449 |
| Infrastructure revenues | | | | | |
| Lease income | — | 120 | — | — | 120 |
| Terminal services revenues | — | 16,411 | — | — | 16,411 |
| Crude marketing revenues | — | 8,210 | — | — | 8,210 |
| Other revenue | — | — | 314 | 1,336 | 1,650 |
| Total infrastructure revenues | — | 24,741 | 314 | 1,336 | 26,391 |
| Total revenues | \$ 82,992 | \$ 24,741 | \$ 314 | \$ 4,793 | \$ 112,840 |

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| | Three Months Ended March 31, 2019 | | | | |
|---|-----------------------------------|--------------------|---------------------|---------------------|-------------------|
| | Equipment Leasing | Infrastructure | | | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Corporate and Other | |
| Equipment leasing revenues | | | | | |
| Lease income | \$ 47,303 | \$ — | \$ — | \$ 1,933 | \$ 49,236 |
| Maintenance revenue | 21,777 | — | — | — | 21,777 |
| Finance lease income | 826 | — | — | — | 826 |
| Other revenue | 505 | — | — | 108 | 613 |
| Total equipment leasing revenues | 70,411 | — | — | 2,041 | 72,452 |
| Infrastructure revenues | | | | | |
| Lease income | — | 308 | 355 | — | 663 |
| Terminal services revenues | — | 4,867 | 1,818 | — | 6,685 |
| Crude marketing revenues | — | 30,779 | — | — | 30,779 |
| Other revenue | — | — | 3,541 | 774 | 4,315 |
| Total infrastructure revenues | — | 35,954 | 5,714 | 774 | 42,442 |
| Total revenues | \$ 70,411 | \$ 35,954 | \$ 5,714 | \$ 2,815 | \$ 114,894 |

Presented below are the contracted minimum future annual revenues to be received under existing operating and finance leases across several market sectors as of March 31, 2020:

| | Operating Leases | Finance Leases |
|-------------------|-------------------|-----------------|
| Remainder of 2020 | \$ 135,835 | \$ 1,182 |
| 2021 | 127,735 | 1,291 |
| 2022 | 82,288 | 897 |
| 2023 | 50,825 | 273 |
| 2024 | 35,392 | — |
| Thereafter | 17,875 | — |
| Total | \$ 449,950 | \$ 3,643 |

13. LEASES

We have commitments as lessees under lease arrangements primarily for real estate, equipment and vehicles. Our leases have remaining lease terms ranging from approximately 1 to 42 years.

The following table presents lease related costs:

| | Three Months Ended March 31, | |
|---|------------------------------|-----------------|
| | 2020 | 2019 |
| Operating lease expense | \$ 1,135 | \$ 1,604 |
| Short-term lease expense | 290 | 1,060 |
| Variable lease expense | 840 | 292 |
| Lease expense from continuing operations | 2,265 | 2,956 |
| Finance lease expense | — | 79 |
| Operating lease expense | — | 925 |
| Lease expense from discontinued operations | — | 1,004 |
| Total lease expense | \$ 2,265 | \$ 3,960 |

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The following table presents information related to our operating leases as of and for the three months ended March 31, 2020:

| | | |
|---|----|------------|
| Right-of-use assets, net | \$ | 62,965 |
| Lease liabilities | | 62,524 |
| Weighted average remaining lease term | | 40.6 years |
| Weighted average incremental borrowing rate | | 6.2 % |

Cash paid for amounts included in the measurement of operating lease liabilities

| | | |
|-------------------------|----|-------|
| Continuing operations | \$ | 1,139 |
| Discontinued operations | \$ | — |

The following table presents future minimum lease payments under non-cancellable operating leases as of March 31, 2020:

| | | |
|--|-----------|----------------|
| Remainder of 2020 | \$ | 3,524 |
| 2021 | | 4,734 |
| 2022 | | 4,606 |
| 2023 | | 4,549 |
| 2024 | | 4,318 |
| Thereafter | | 149,992 |
| Total undiscounted lease payments | | 171,723 |
| Less: Imputed interest | | 109,199 |
| Total lease liabilities | \$ | 62,524 |

During the three months ended March 31, 2020, we amended a lease agreement for real estate in connection with the Jefferson Refinancing. The amended lease had a ROU asset value of \$59.8 million and a lease term of approximately 43 years at commencement.

14. EQUITY-BASED COMPENSATION

In 2015, we 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 us, each as determined by the Compensation Committee of the Board of Directors.

As of March 31, 2020, the Incentive Plan provides for the issuance of up to 29.9 million shares. We account for equity-based compensation expense in accordance with ASC 718 *Compensation-Stock Compensation* and is reported within operating expenses and general and administrative in the Consolidated Statements of Operations.

The Consolidated Statements of Operations includes the following expense related to our stock-based compensation arrangements:

| | Three Months Ended March 31, | | Remaining Expense To Be Recognized, if All Vesting Conditions Are Met | Weighted Average Remaining Contractual Term (in years) |
|---------------------------------|------------------------------|---------------|---|---|
| | 2020 | 2019 | | |
| Restricted Shares | 215 | 90 | 873 | 0.7 |
| Common Units | 76 | 92 | 576 | 1.2 |
| Total - continuing operations | <u>\$ 291</u> | <u>\$ 182</u> | <u>\$ 1,449</u> | |
| Total - discontinued operations | <u>\$ —</u> | <u>\$ 46</u> | | |

During the three months ended March 31, 2020, FIG LLC (the “Manager”), an affiliate of Fortress Investment Group LLC, transferred 252,472 of its options to certain of the Manager’s employees.

15. INCOME TAXES

The current and deferred components of the income tax (benefit) provision included in the Consolidated Statements of Operations are as follows:

| | Three Months Ended March 31, | |
|---|------------------------------|---------------|
| | 2020 | 2019 |
| Current: | | |
| Federal | \$ 37 | \$ 19 |
| State and local | 168 | 65 |
| Foreign | 70 | 52 |
| Total current provision | 275 | 136 |
| Deferred: | | |
| Federal | (281) | 103 |
| State and local | — | 29 |
| Foreign | (92) | (1) |
| Total deferred provision | (373) | 131 |
| (Benefit from) provision for income taxes: | | |
| Continuing operations | (98) | 267 |
| Discontinued operations | — | 186 |
| Total | \$ (98) | \$ 453 |

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

Our effective tax rate differs from the U.S. federal tax rate of 21% primarily due to a significant portion of our income not being subject to U.S. corporate tax rates, or being deemed to be foreign sourced and thus either not taxable or taxable at effectively lower tax rates.

As of and for the three months ended March 31, 2020, we had not established a liability for uncertain tax positions as no such positions existed. In general, our tax returns and the tax returns of our corporate subsidiaries are subject to U.S. federal, state, local and foreign income tax examinations by tax authorities. Generally, we are not subject to examination by taxing authorities for tax years prior to 2016. We do 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 of March 31, 2020.

16. MANAGEMENT AGREEMENT AND AFFILIATE TRANSACTIONS

The Manager is paid annual fees in exchange for advising us on various aspects of our business, formulating our investment strategies, arranging for the acquisition and disposition of assets, arranging for financing, monitoring performance, and managing our 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 our behalf, including the costs of legal, accounting and other administrative activities. Additionally, we have entered into certain incentive allocation arrangements with Master GP, which owns approximately 0.05% of the Partnership and is the general partner of the Partnership.

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 our 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 our 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.

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A subsidiary of ours 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 our net equity capital (excluding non-controlling interests) at the end of the two most recently completed calendar quarters, does not exceed 2% for such quarter (8% 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% but does not exceed 2.2223% for such quarter; and (3) 10% 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.

Capital Gains Incentive Allocation is calculated and distributable in arrears as of the end of each calendar year and is equal to 10% of our pro rata share of cumulative realized gains from the date of the IPO through the end of the applicable calendar year, net of our 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 following table summarizes the management fees, income incentive allocation and capital gains incentive allocation:

| | Three Months Ended March 31, | |
|------------------------------------|------------------------------|-----------------|
| | 2020 | 2019 |
| Management fees | \$ 4,766 | \$ 3,676 |
| Income incentive allocation | — | — |
| Capital gains incentive allocation | — | 162 |
| Total | \$ 4,766 | \$ 3,838 |

We pay all of our operating expenses, except those specifically required to be borne by the Manager under the Management Agreement. The expenses required to be paid by us include, but are not limited to, issuance and transaction costs incident to the acquisition, disposition and financing of our assets, legal and auditing fees and expenses, the compensation and expenses of our independent directors, the costs associated with the establishment and maintenance of any credit facilities and other indebtedness of ours (including commitment fees, legal fees, closing costs, etc.), expenses associated with other securities offerings of ours, costs and expenses incurred in contracting with third parties (including affiliates of the Manager), the costs of printing and mailing proxies and reports to our shareholders, costs incurred by the Manager or its affiliates for travel on our behalf, costs associated with any computer software or hardware that is used for us, costs to obtain liability insurance to indemnify our directors and officers and the compensation and expenses of our transfer agent.

We 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; we do not reimburse the Manager for these expenses.

The following table summarizes our reimbursements to the Manager:

| | Three Months Ended March 31, | |
|--|------------------------------|---------------------|
| | 2020 | 2019 ⁽¹⁾ |
| Classification in the Consolidated Statements of Operations: | | |
| General and administrative | \$ 2,262 | \$ 2,543 |
| Acquisition and transaction expenses | 524 | 1,461 |
| Total | \$ 2,786 | \$ 4,004 |

⁽¹⁾ Due to the Aviation Restructuring (as defined in Note 17), \$1,513 was restated from the Corporate and Other segment to the Aviation Leasing segment, of which \$548 was reclassified from General and administrative to Operating expenses and \$965 remained in Acquisition and transaction expenses. See Note 17 for additional details.

If we terminate the Management Agreement, we 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 our 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).

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Upon the successful completion of an offering of our common shares or other equity securities (including securities issued as consideration in an acquisition), we 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 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 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. See Note 17 for information related to options granted to the Manager in connection with our September 2019 offering of preferred shares.

The following table summarizes amounts due to the Manager, which are included within accounts payable and accrued liabilities in the Consolidated Balance Sheets:

| | March 31, 2020 | | December 31, 2019 |
|-------------------------------|----------------|-------|-------------------|
| Accrued management fees | \$ | 1,655 | \$ 1,410 |
| Other payables ⁽¹⁾ | | 881 | 21,992 |

⁽¹⁾ Includes \$21.2 million related to incentive fees, as of December 31, 2019, which we paid during the three months ended March 31, 2020.

As of March 31, 2020 and December 31, 2019, there were no receivables from the Manager.

Other Affiliate Transactions

As of March 31, 2020 and December 31, 2019 an affiliate of our Manager 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 consolidated financial statements. The carrying amount of this non-controlling interest at March 31, 2020 and December 31, 2019 was \$29.0 million and \$33.7 million, respectively.

The following table presents the amount of this non-controlling interest share of net loss:

| | Three Months Ended March 31, | |
|--|------------------------------|----------|
| | 2020 | 2019 |
| Non-controlling interest share of net loss | \$ 4,661 | \$ 3,296 |

In connection with the Capital Call Agreement related to the Series 2016 Bonds, we, and an affiliate of our Manager, entered into a Fee and Support Agreement. The Fee and Support Agreement provides that the affiliate of the Manager is compensated for its guarantee of a portion of the obligations under the Standby Bond Purchase Agreement. This affiliate of the Manager received fees of \$1.7 million, which are amortized as interest expense to the earlier of the redemption date or February 13, 2020.

In connection with the amendment to the Jefferson Revolver, on December 20, 2018, our subsidiary and an affiliate of our Manager entered into an amended and restated Fee and Support Agreement, and our subsidiary issued a \$0.3 million promissory note to the affiliate of our Manager, as consideration for the fee payable pursuant to the amended and restated Fee and Support Agreement.

In February 2020, the Fee and Support Agreement was terminated in connection with the Jefferson Refinancing.

On June 21, 2018, we, through a wholly owned subsidiary, completed a private offering with several third parties (the "Holders") to tender their approximately 20% stake in Jefferson Terminal. We increased our majority interest in Jefferson Terminal in exchange for Class B Units of another wholly owned subsidiary, which provide the right to convert such Class B Units to a fixed amount of our shares, equivalent to approximately 1.9 million shares, at a Holder's request. We have the option to satisfy any exchange request by delivering either common shares or cash. The Holders are entitled to receive distributions equivalent to the distributions paid to our shareholders. This transaction resulted in a purchase of non-controlling interest shares. See Note 18 for details related to conversions during the period.

17. SEGMENT INFORMATION

Our reportable segments represent strategic business units comprised of investments in different types of transportation and infrastructure assets. We have three reportable segments which operate in the Equipment Leasing and Infrastructure businesses across several market sectors. Our reportable segments are (i) Aviation Leasing, (ii) Jefferson Terminal and (iii) Ports and Terminals. The Aviation Leasing segment consists of aircraft and aircraft engines held for lease and are typically held long-term. The Jefferson Terminal segment consists of a multi-modal crude oil and refined products terminal and other related assets. The Ports and Terminals segment consists of Repauno, which is a 1,630-acre deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities, and an equity method investment in Long Ridge, which is a 1,660-acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant under construction.

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In December 2019, we completed the sale of substantially all of our railroad business, which was formerly reported as our Railroad segment. Under ASC 205-20, this disposition met the criteria to be reported as discontinued operations and the assets, liabilities and results of operations have been presented as discontinued operations for all periods presented. Additionally, in accordance with ASC 280, we assessed our reportable segments. We determined that our retained investment of the railroad business no longer met the requirement as a reportable segment. Accordingly, we have presented this operating segment, along with Corporate results, within Corporate and Other effective in 2019. All prior periods have been restated for historical comparison across segments.

Corporate and Other primarily consists of debt, unallocated company level general and administrative expenses, and management fees. Additionally, Corporate and Other includes (i) offshore energy related assets, which consist of vessels and equipment that support offshore oil and gas drilling and production which are typically subject to long-term operating leases, (ii) an investment in an unconsolidated entity engaged in the acquisition and leasing of shipping containers and (iii) railroad assets retained after the December 2019 sale, which consist of equipment that support a railcar cleaning business.

Aviation Leasing Organizational Restructuring

We recently completed an organizational restructuring of the Aviation Leasing segment. Previously, Aviation Leasing's employees were employed by the Manager and compensation and related costs associated with these employees were reimbursed to the Manager, per the Management Agreement (see Note 16). These costs were reported within Corporate and Other.

Effective in the first quarter of 2020, Aviation Leasing's employees are employed by one of our subsidiaries. Compensation and related costs incurred by this subsidiary will be reported within the Aviation Leasing segment. Prior periods have been restated for historical comparison. The following table presents our adjustments for the three months ended March 31, 2019.

| | As Previously Reported | | Adjustments | | As Reported | |
|--------------------------------------|------------------------|---------------------|------------------|---------------------|------------------|---------------------|
| | Aviation Leasing | Corporate and Other | Aviation Leasing | Corporate and Other | Aviation Leasing | Corporate and Other |
| Operating expenses | \$ 6,078 | \$ 3,541 | \$ 548 | \$ — | \$ 6,626 | \$ 3,541 |
| General and administrative | — | 4,732 | — | (548) | — | 4,184 |
| Acquisition and transaction expenses | 13 | 1,461 | 965 | (965) | 978 | 496 |

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. We evaluate investment performance for each reportable segment primarily based on net income attributable to shareholders and Adjusted EBITDA.

Adjusted EBITDA is defined as net income (loss) attributable to shareholders from continuing operations, adjusted (a) to exclude the impact of provision for (benefit from) 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 our pro-rata share of Adjusted EBITDA from unconsolidated entities, and (c) to exclude the impact of equity in earnings (losses) of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

We believe that net income (loss) attributable to shareholders, as defined by GAAP, is the most appropriate earnings measurement with which to reconcile Adjusted EBITDA. Adjusted EBITDA should not be considered as an alternative to net income (loss) attributable to shareholders as determined in accordance with GAAP.

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The following tables set forth certain information for each reportable segment:

I. For the Three Months Ended March 31, 2020

| | Three Months Ended March 31, 2020 | | | | |
|--|-----------------------------------|--------------------|---------------------|---------------------|-------------------|
| | Equipment Leasing | Infrastructure | | | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Corporate and Other | |
| Revenues | | | | | |
| Equipment leasing revenues | \$ 82,992 | \$ — | \$ — | \$ 3,457 | \$ 86,449 |
| Infrastructure revenues | — | 24,741 | 314 | 1,336 | 26,391 |
| Total revenues | 82,992 | 24,741 | 314 | 4,793 | 112,840 |
| Expenses | | | | | |
| Operating expenses | 4,071 | 21,943 | 2,000 | 5,430 | 33,444 |
| General and administrative | — | — | — | 4,663 | 4,663 |
| Acquisition and transaction expenses | 2,724 | — | 782 | (312) | 3,194 |
| Management fees and incentive allocation to affiliate | — | — | — | 4,766 | 4,766 |
| Depreciation and amortization | 32,631 | 7,226 | 376 | 1,964 | 42,197 |
| Interest expense | — | 3,428 | 393 | 19,040 | 22,861 |
| Total expenses | 39,426 | 32,597 | 3,551 | 35,551 | 111,125 |
| Other income (expense) | | | | | |
| Equity in (losses) earnings of unconsolidated entities | (591) | — | 906 | (50) | 265 |
| Loss on sale of assets, net | (1,819) | — | — | — | (1,819) |
| Loss on extinguishment of debt | — | (4,724) | — | — | (4,724) |
| Interest income | 12 | 22 | — | 7 | 41 |
| Other income | — | 33 | — | — | 33 |
| Total other (expense) income | (2,398) | (4,669) | 906 | (43) | (6,204) |
| Income (loss) from continuing operations before income taxes | | | | | |
| | 41,168 | (12,525) | (2,331) | (30,801) | (4,489) |
| Provision for (benefit from) income taxes | 45 | 135 | (281) | 3 | (98) |
| Net income (loss) from continuing operations | 41,123 | (12,660) | (2,050) | (30,804) | (4,391) |
| Less: Net loss from continuing operations attributable to non-controlling interests in consolidated subsidiaries | — | (4,661) | (75) | — | (4,736) |
| Dividends on preferred shares | — | — | — | 4,539 | 4,539 |
| Net income (loss) from continuing operations attributable to shareholders | \$ 41,123 | \$ (7,999) | \$ (1,975) | \$ (35,343) | \$ (4,194) |

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted EBITDA to net income attributable to shareholders from continuing operations:

| | Three Months Ended March 31, 2020 | | | | |
|--|-----------------------------------|--------------------|---------------------|---------------------|------------|
| | Equipment Leasing | Infrastructure | | Corporate and Other | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | | |
| Adjusted EBITDA | \$ 83,390 | \$ 4,569 | \$ (1,316) | \$ (14,648) | \$ 71,995 |
| Add: Non-controlling share of Adjusted EBITDA | | | | | 3,350 |
| Add: Equity in earnings of unconsolidated entities | | | | | 265 |
| Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities | | | | | 413 |
| Less: Interest expense | | | | | (22,861) |
| Less: Depreciation and amortization expense | | | | | (49,064) |
| Less: Incentive allocations | | | | | — |
| Less: Asset impairment charges | | | | | — |
| Less: Changes in fair value of non-hedge derivative instruments | | | | | (181) |
| Less: Losses on the modification or extinguishment of debt and capital lease obligations | | | | | (4,724) |
| Less: Acquisition and transaction expenses | | | | | (3,194) |
| Less: Equity-based compensation expense | | | | | (291) |
| Less: Benefit from income taxes | | | | | 98 |
| Net loss attributable to shareholders from continuing operations | | | | | \$ (4,194) |

Summary information with respect to our geographic sources of revenue, based on location of customer, is as follows:

| | Three Months Ended March 31, 2020 | | | | |
|-----------------|-----------------------------------|--------------------|---------------------|---------------------|-------------------|
| | Equipment Leasing | Infrastructure | | Corporate and Other | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | | |
| Revenues | | | | | |
| Africa | \$ 7,154 | \$ — | \$ — | \$ — | \$ 7,154 |
| Asia | 26,545 | — | — | 3,457 | 30,002 |
| Europe | 39,572 | — | — | — | 39,572 |
| North America | 8,138 | 24,741 | 314 | 1,336 | 34,529 |
| South America | 1,583 | — | — | — | 1,583 |
| Total | \$ 82,992 | \$ 24,741 | \$ 314 | \$ 4,793 | \$ 112,840 |

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

II. For the Three Months Ended March 31, 2019

| | Three Months Ended March 31, 2019 | | | | |
|--|-----------------------------------|--------------------|---------------------|---------------------|-------------------|
| | Equipment Leasing | Infrastructure | | | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Corporate and Other | |
| Revenues | | | | | |
| Equipment leasing revenues | \$ 70,411 | \$ — | \$ — | \$ 2,041 | \$ 72,452 |
| Infrastructure revenues | — | 35,954 | 5,714 | 774 | 42,442 |
| Total revenues | 70,411 | 35,954 | 5,714 | 2,815 | 114,894 |
| Expenses | | | | | |
| Operating expenses | 6,626 | 39,241 | 4,902 | 3,541 | 54,310 |
| General and administrative | — | — | — | 4,184 | 4,184 |
| Acquisition and transaction expenses | 978 | — | — | 496 | 1,474 |
| Management fees and incentive allocation to affiliate | — | — | — | 3,838 | 3,838 |
| Depreciation and amortization | 30,005 | 5,156 | 1,993 | 1,709 | 38,863 |
| Interest expense | — | 3,924 | 296 | 16,514 | 20,734 |
| Total expenses | 37,609 | 48,321 | 7,191 | 30,282 | 123,403 |
| Other income (expense) | | | | | |
| Equity in (losses) earnings of unconsolidated entities | (201) | (220) | — | 37 | (384) |
| Gain on sale of assets, net | 1,718 | — | — | — | 1,718 |
| Interest income | 26 | 38 | 21 | 6 | 91 |
| Other expense | — | (233) | (2,370) | — | (2,603) |
| Total other income (expense) | 1,543 | (415) | (2,349) | 43 | (1,178) |
| Income (loss) from continuing operations before income taxes | 34,345 | (12,782) | (3,826) | (27,424) | (9,687) |
| Provision for income taxes | 180 | 86 | — | 1 | 267 |
| Net income (loss) from continuing operations | 34,165 | (12,868) | (3,826) | (27,425) | (9,954) |
| Less: Net loss from continuing operations attributable to non-controlling interests in consolidated subsidiaries | — | (3,296) | (64) | — | (3,360) |
| Net income (loss) from continuing operations attributable to shareholders | \$ 34,165 | \$ (9,572) | \$ (3,762) | \$ (27,425) | \$ (6,594) |

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

The following table sets forth a reconciliation of Adjusted EBITDA to net income attributable to shareholders from continuing operations:

| | Three Months Ended March 31, 2019 | | | | |
|--|--|---------------------------|----------------------------|----------------------------|-------------------|
| | Equipment Leasing | Infrastructure | | | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Corporate and Other | |
| Adjusted EBITDA | \$ 73,662 | \$ (1,290) | \$ 926 | \$ (8,543) | \$ 64,755 |
| Add: Non-controlling share of Adjusted EBITDA | | | | | 2,153 |
| Add: Equity in losses of unconsolidated entities | | | | | (384) |
| Less: Pro-rata share of Adjusted EBITDA from unconsolidated entities | | | | | 118 |
| Less: Interest expense | | | | | (20,734) |
| Less: Depreciation and amortization expense | | | | | (47,197) |
| Less: Incentive allocations | | | | | (162) |
| Less: Asset impairment charges | | | | | — |
| Less: Changes in fair value of non-hedge derivative instruments | | | | | (3,220) |
| Less: Losses on the modification or extinguishment of debt and capital lease obligations | | | | | — |
| Less: Acquisition and transaction expenses | | | | | (1,474) |
| Less: Equity-based compensation expense | | | | | (182) |
| Less: Provision for income taxes | | | | | (267) |
| Net loss attributable to shareholders from continuing operations | | | | | <u>\$ (6,594)</u> |

Summary information with respect to our geographic sources of revenue, based on location of customer, is as follows:

| | Three Months Ended March 31, 2019 | | | | |
|-----------------|--|---------------------------|----------------------------|----------------------------|-------------------|
| | Equipment Leasing | Infrastructure | | | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Corporate and Other | |
| Revenues | | | | | |
| Africa | \$ 3,477 | \$ — | \$ — | \$ — | \$ 3,477 |
| Asia | 22,114 | — | — | 2,041 | 24,155 |
| Europe | 31,885 | — | — | — | 31,885 |
| North America | 10,826 | 35,954 | 5,714 | 774 | 53,268 |
| South America | 2,109 | — | — | — | 2,109 |
| Total | <u>\$ 70,411</u> | <u>\$ 35,954</u> | <u>\$ 5,714</u> | <u>\$ 2,815</u> | <u>\$ 114,894</u> |

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

III. 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 and leasing equipment, net as of March 31, 2020 and December 31, 2019:

| | March 31, 2020 | | | | |
|--|---------------------|--------------------|---------------------|---------------------|---------------------|
| | Equipment Leasing | Infrastructure | | Corporate and Other | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | | |
| Total assets | \$ 1,665,800 | \$ 882,698 | \$ 414,004 | \$ 214,086 | \$ 3,176,588 |
| Debt, net | — | 252,379 | 25,000 | 1,168,356 | 1,445,735 |
| Total liabilities | 274,933 | 347,281 | 69,944 | 1,172,606 | 1,864,764 |
| Non-controlling interests in equity of consolidated subsidiaries | — | 31,225 | 786 | 524 | 32,535 |
| Total equity | 1,390,867 | 535,417 | 344,060 | (958,520) | 1,311,824 |
| Total liabilities and equity | \$ 1,665,800 | \$ 882,698 | \$ 414,004 | \$ 214,086 | \$ 3,176,588 |

| | March 31, 2020 | | | | |
|---|---------------------|--------------------|---------------------|---------------------|---------------------|
| | Equipment Leasing | Infrastructure | | Corporate and Other | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | | |
| Property, plant and equipment and leasing equipment, net | | | | | |
| Africa | \$ 42,382 | \$ — | \$ — | \$ — | \$ 42,382 |
| Asia | 469,728 | — | — | 40,795 | 510,523 |
| Europe | 690,470 | — | — | — | 690,470 |
| North America | 273,292 | 576,450 | 236,847 | 121,970 | 1,208,559 |
| South America | 18,012 | — | — | — | 18,012 |
| Total | \$ 1,493,884 | \$ 576,450 | \$ 236,847 | \$ 162,765 | \$ 2,469,946 |

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
(Dollars in tables in thousands, unless otherwise noted)

| | December 31, 2019 | | | | | |
|--|-------------------|--------------------|---------------------|------------|---------------------|-------|
| | Equipment Leasing | Infrastructure | | | Corporate and Other | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Total | | |
| Total assets | \$ 1,694,837 | \$ 781,422 | \$ 366,402 | \$ 394,261 | \$ 3,236,922 | |
| Debt, net | — | 233,077 | 25,000 | 1,162,851 | 1,420,928 | |
| Total liabilities | 285,099 | 324,509 | 63,930 | 1,224,527 | 1,898,065 | |
| Non-controlling interests in equity of consolidated subsidiaries | — | 35,671 | 785 | 524 | 36,980 | |
| Total equity | 1,409,738 | 456,913 | 302,472 | (830,266) | 1,338,857 | |
| Total liabilities and equity | \$ 1,694,837 | \$ 781,422 | \$ 366,402 | \$ 394,261 | \$ 3,236,922 | |

| | December 31, 2019 | | | | | |
|---|-------------------|--------------------|---------------------|------------|---------------------|-------|
| | Equipment Leasing | Infrastructure | | | Corporate and Other | Total |
| | Aviation Leasing | Jefferson Terminal | Ports and Terminals | Total | | |
| Property, plant and equipment and leasing equipment, net | | | | | | |
| Africa | \$ 43,348 | \$ — | \$ — | \$ — | \$ 43,348 | |
| Asia | 487,913 | — | — | 37,548 | 525,461 | |
| Europe | 647,029 | — | — | — | 647,029 | |
| North America | 311,185 | 560,059 | 200,319 | 123,067 | 1,194,630 | |
| South America | 28,700 | — | — | — | 28,700 | |
| Total | \$ 1,518,175 | \$ 560,059 | \$ 200,319 | \$ 160,615 | \$ 2,439,168 | |

18. EARNINGS PER SHARE AND EQUITY

Basic earnings per common share ("EPS") is calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding, plus any participating securities. Diluted EPS is calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding, plus any participating securities and potentially dilutive securities. Potentially dilutive securities are calculated using the treasury stock method.

The calculation of basic and diluted EPS is presented below:

| <i>(in thousands, except share and per share data)</i> | Three Months Ended March 31, | |
|--|-------------------------------------|----------------|
| | 2020 | 2019 |
| Net loss from continuing operations | \$ (4,391) | \$ (9,954) |
| Net income from discontinued operations, net of income taxes | 1,331 | 158 |
| Net loss | <u>(3,060)</u> | <u>(9,796)</u> |
| Less: Net loss attributable to non-controlling interests in consolidated subsidiaries: | | |
| Continuing operations | (4,736) | (3,360) |
| Discontinued operations | — | (56) |
| Dividends on preferred shares | 4,539 | — |
| Net loss attributable to shareholders | <u>(2,863)</u> | <u>(6,380)</u> |
| Weighted Average Common Shares Outstanding - Basic ⁽¹⁾ | <u>86,008,099</u> | 85,986,453 |
| Weighted Average Common Shares Outstanding - Diluted ⁽¹⁾ | <u>86,008,099</u> | 85,986,453 |
| Basic | | |
| Continuing operations | \$ (0.05) | \$ (0.07) |
| Discontinued operations | \$ 0.02 | \$ — |
| Diluted | | |
| Continuing operations | \$ (0.05) | \$ (0.07) |
| Discontinued operations | \$ 0.02 | \$ — |

⁽¹⁾ The three months ended March 31, 2020 and 2019 includes participating securities which can be converted into a fixed amount of our shares.

For the three months ended March 31, 2020 and 2019, 156,550 and 138,659 shares, respectively, have been excluded from the calculation of Diluted EPS because the impact would be anti-dilutive.

In January 2020, we issued 11,991 common shares to certain directors as compensation.

During the three months ended March 31, 2020, certain holders of Class B Units (see Note 16) converted 250,066 Class B Units in exchange for 185,197 common shares.

19. COMMITMENTS AND CONTINGENCIES

In the normal course of business we, and our 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 our offshore energy business, a lessee did not fulfill its obligation under its charter arrangement, therefore we are pursuing rights afforded to us under the charter and the range of potential losses against the obligation is \$0.0 million to \$3.3 million. Our maximum exposure under other arrangements is unknown as no additional claims have been made. We believe the risk of loss in connection with such arrangements is remote.

We have also entered into an arrangement with our non-controlling interest holder of Repauno, whereby the non-controlling interest holder may receive additional payments contingent upon the achievement of certain conditions, not to exceed \$15.0 million. We will account for such amounts when and if such conditions are achieved.

20. SUBSEQUENT EVENTS

On April 28, 2020, our Board of Directors declared a cash dividend on our common shares and eligible participating securities of \$0.33 per share for the quarter ended March 31, 2020, payable on May 26, 2020 to the holders of record on May 15, 2020.

Additionally, on April 28, 2020, our Board of Directors also declared a cash dividend on the Series A Preferred Shares and Series B Preferred Shares of \$0.52 per share and \$0.50 per share, respectively, payable on June 15, 2020 to the holders of record on June 1, 2020.

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," "we," "our" or "us"). Our MD&A should be read in conjunction with our unaudited consolidated financial statements and the accompanying notes, and with Part II, Item 1A, "Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q.

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 experienced professionals focused on the acquisition of transportation and infrastructure assets since 2002. As of March 31, 2020, we had total consolidated assets of \$3.2 billion and total equity of \$1.3 billion.

Impact of COVID-19

Due to the outbreak of COVID-19, we have taken measures to protect the health and safety of our employees, including having employees work remotely, where possible. While the outbreak did not have a material impact on operating results on our Aviation Leasing business in the first quarter of 2020, and we have not yet seen a meaningful decline in the timing of lease payments, a number of our lessees are experiencing increased financial stress due to the significant decline in travel demand. In addition, we believe our overall portfolio exposure is limited by maintenance reserves and security deposits which are secured against lessee defaults. The value of these deposits was \$240.9 million as of March 31, 2020. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic and related restrictions put in place by the U.S. and international governments, all of which are uncertain and cannot be predicted. For additional detail, see Liquidity and Capital Resources and Item 1A. Risk Factors —The current outbreak of the novel coronavirus (COVID-19) has severely disrupted the global economy and may have, and the emergence of other epidemic or pandemic crises could have, material adverse effects on our business, results of operations or financial condition.

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. We target or develop 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 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 the following three reportable segments: (i) Aviation Leasing, which is within the Equipment Leasing Business, and (ii) Jefferson Terminal and (iii) Ports and Terminals, 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 Jefferson Terminal segment consists of a multi-modal crude and refined products terminal and other related assets which were acquired in 2014. The Ports and Terminals segment consists of Repauno, acquired in 2016, a 1,630-acre deep-water port located along the Delaware River with an underground storage cavern and multiple industrial development opportunities. Additionally, Ports and Terminals includes an equity method investment ("Long Ridge"), which is a 1,660-acre multi-modal port located along the Ohio River with rail, dock, and multiple industrial development opportunities, including a power plant under construction.

In December 2019, we completed the sale of substantially all of our railroad business, which was formerly reported as our Railroad segment. Under ASC 205-20, this disposition met the criteria to be reported as discontinued operations and the assets, liabilities and results of operations have been presented as discontinued operations for all periods presented. Additionally, in accordance with ASC 280, we assessed our reportable segments. We determined that our retained investment of the railroad business no longer met the requirement as a reportable segment. Accordingly, we have presented this operating segment, along with Corporate results, within Corporate and Other effective in 2019. All prior periods have been restated for historical comparison across segments.

Corporate and Other primarily consists of debt, unallocated corporate general and administrative expenses, and management fees. Additionally, Corporate and Other includes (i) offshore energy related assets which consist of vessels and equipment that support offshore oil and gas activities and are typically subject to long-term operating leases, (ii) an investment in an unconsolidated entity engaged in the leasing of shipping containers and (iii) railroad assets retained after the December 2019 sale, which consists of equipment that support a railcar cleaning business.

Aviation Leasing Organizational Restructuring

We recently completed an organizational restructuring of the Aviation Leasing segment ("Aviation Restructuring"). Previously, Aviation Leasing's employees were employed by the Manager and compensation and related costs associated with these employees were reimbursed to the Manager, per the Management Agreement. These costs were reported within Corporate and Other.

Effective in the first quarter of 2020, Aviation Leasing's employees are employed by one of our subsidiaries. Compensation and related costs incurred by this subsidiary will be reported within the Aviation Leasing segment. Prior periods have been restated for historical comparison. See Note 16 to the consolidated financial statements for additional details.

Our 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.

Our Manager

On December 27, 2017, SoftBank Group Corp. ("SoftBank") announced that it completed its previously announced acquisition of Fortress (the "SoftBank Merger"). In connection with the Softbank Merger, Fortress operates within SoftBank as an independent business headquartered in New York.

Results of Operations

Adjusted EBITDA (Non-GAAP)

The CODM utilizes Adjusted EBITDA as the key performance measure. This performance measure provides the CODM with the information necessary to assess operational performance, as well as make resource and allocation decisions.

Adjusted EBITDA is defined as net income (loss) attributable to shareholders from continuing operations, adjusted (a) to exclude the impact of provision for (benefit from) 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 our pro-rata share of Adjusted EBITDA from unconsolidated entities, and (c) to exclude the impact of equity in earnings (losses) of unconsolidated entities and the non-controlling share of Adjusted EBITDA.

Comparison of the three months ended March 31, 2020 and 2019

The following table presents our consolidated results of operations:

| <i>(in thousands)</i> | Three Months Ended March 31, | | |
|---|------------------------------|-------------------|-----------------|
| | 2020 | 2019 | Change |
| Revenues | | | |
| Equipment leasing revenues | | | |
| Lease income | \$ 49,813 | \$ 49,236 | \$ 577 |
| Maintenance revenue | 31,995 | 21,777 | 10,218 |
| Finance lease income | 429 | 826 | (397) |
| Other revenue | 4,212 | 613 | 3,599 |
| Total equipment leasing revenues | 86,449 | 72,452 | 13,997 |
| Infrastructure revenues | | | |
| Lease income | 120 | 663 | (543) |
| Terminal services revenues | 16,411 | 6,685 | 9,726 |
| Crude marketing revenues | 8,210 | 30,779 | (22,569) |
| Other revenue | 1,650 | 4,315 | (2,665) |
| Total infrastructure revenues | 26,391 | 42,442 | (16,051) |
| Total revenues | 112,840 | 114,894 | (2,054) |
| Expenses | | | |
| Operating expenses | 33,444 | 54,310 | (20,866) |
| General and administrative | 4,663 | 4,184 | 479 |
| Acquisition and transaction expenses | 3,194 | 1,474 | 1,720 |
| Management fees and incentive allocation to affiliate | 4,766 | 3,838 | 928 |
| Depreciation and amortization | 42,197 | 38,863 | 3,334 |
| Interest expense | 22,861 | 20,734 | 2,127 |
| Total expenses | 111,125 | 123,403 | (12,278) |
| Other income (expense) | | | |
| Equity in earnings (losses) of unconsolidated entities | 265 | (384) | 649 |
| (Loss) gain on sale of assets, net | (1,819) | 1,718 | (3,537) |
| Loss on extinguishment of debt | (4,724) | — | (4,724) |
| Interest income | 41 | 91 | (50) |
| Other income (expense) | 33 | (2,603) | 2,636 |
| Total other expense | (6,204) | (1,178) | (5,026) |
| Loss from continuing operations before income taxes | (4,489) | (9,687) | 5,198 |
| (Benefit from) provision for income taxes | (98) | 267 | (365) |
| Net loss from continued operations | (4,391) | (9,954) | 5,563 |
| Net income from discontinued operations, net of income taxes | 1,331 | 158 | 1,173 |
| Net loss | (3,060) | (9,796) | 6,736 |
| Less: Net loss attributable to non-controlling interest in consolidated subsidiaries: | | | |
| Continuing operations | (4,736) | (3,360) | (1,376) |
| Discontinued operations | — | (56) | 56 |
| Dividends on preferred shares | 4,539 | — | 4,539 |
| Net loss attributable to shareholders | \$ (2,863) | \$ (6,380) | \$ 3,517 |

The following table sets forth a reconciliation of net loss attributable to shareholders from continuing operations to Adjusted EBITDA:

| (in thousands) | Three Months Ended March 31, | | |
|---|------------------------------|-------------------|-----------------|
| | 2020 | 2019 | Change |
| Net loss attributable to shareholders from continuing operations | \$ (4,194) | \$ (6,594) | \$ 2,400 |
| Add: (Benefit from) provision for income taxes | (98) | 267 | (365) |
| Add: Equity-based compensation expense | 291 | 182 | 109 |
| Add: Acquisition and transaction expenses | 3,194 | 1,474 | 1,720 |
| Add: Losses on the modification or extinguishment of debt and capital lease obligations | 4,724 | — | 4,724 |
| Add: Changes in fair value of non-hedge derivative instruments | 181 | 3,220 | (3,039) |
| Add: Asset impairment charges | — | — | — |
| Add: Incentive allocations | — | 162 | (162) |
| Add: Depreciation and amortization expense ⁽¹⁾ | 49,064 | 47,197 | 1,867 |
| Add: Interest expense | 22,861 | 20,734 | 2,127 |
| Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽²⁾ | (413) | (118) | (295) |
| Less: Equity in (earnings) losses of unconsolidated entities | (265) | 384 | (649) |
| Less: Non-controlling share of Adjusted EBITDA ⁽³⁾ | (3,350) | (2,153) | (1,197) |
| Adjusted EBITDA (non-GAAP) | \$ 71,995 | \$ 64,755 | \$ 7,240 |

⁽¹⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) depreciation and amortization expense of \$42,197 and \$38,863, (ii) lease intangible amortization of \$1,132 and \$2,462 and (iii) amortization for lease incentives of \$5,735 and \$5,872, respectively.

⁽²⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) net income (loss) of \$223 and \$(420), (ii) interest expense of \$35 and \$36, (iii) depreciation and amortization expense of \$962 and \$266, (iv) acquisition and transaction expenses of \$81 and \$0 and (v) changes in fair value of non-hedge derivatives of \$(1,714) and \$0, respectively.

⁽³⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) equity-based compensation of \$47 and \$21, (ii) provision for income taxes of \$28 and \$18, (iii) interest expense of \$720 and \$845, (iv) depreciation and amortization expense of \$1,524 and \$1,090, (v) changes in fair value of non-hedge derivative instruments of \$38 and \$179 and (vi) loss on extinguishment of debt of \$993 and \$0, respectively.

Revenues

Total revenues decreased \$2.1 million, primarily due to lower revenues in the Jefferson Terminal and Ports and Terminals segments, partially offset by higher revenues in the Aviation Leasing segment and Corporate and Other.

Equipment Leasing

Maintenance revenue increased \$10.2 million due to an increase in the number of aircraft and engines on lease in the Aviation Leasing segment.

Other revenue increased \$3.6 million, which primarily reflects (i) a settlement on an engine loss and (ii) an increase in victualling income due to one of our vessels being on hire for longer in 2020 compared to 2019.

Infrastructure

Crude marketing revenue decreased \$22.6 million due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019. Revenues in 2020 include contracts executed in 2019 but delivered in 2020.

Other revenue decreased \$2.7 million, which reflects (i) a decrease of \$2.1 million at Long Ridge due to Long Ridge being accounted for as equity method investment starting in the fourth quarter of 2019 ("Long Ridge Transaction"), (ii) a decrease in butane sales of \$1.1 million at Repauno, partially offset by (iii) an increase of \$0.6 million due to higher volume in our railcar cleaning business.

Terminal services revenue increased \$9.7 million which primarily reflects (i) an increase of \$11.5 million due to increased activity and storage capacity at Jefferson Terminal, partially offset by (ii) a decrease \$1.8 million due to the Long Ridge Transaction.

Expenses

Total expenses decreased \$12.3 million, primarily due to lower operating expenses, partially offset by higher (i) depreciation and amortization, (ii) interest expense and (iii) acquisition and transaction expenses.

Operating expenses decreased \$20.9 million, primarily due to:

- a decrease in cost of sales of \$20.5 million primarily due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019;
- a decrease in bad debt of \$2.3 million primarily in the Aviation Leasing segment; and
- an increase in compensation and benefits of \$1.6 million primarily due to increased headcount in the Jefferson Terminal and Aviation Leasing segments as well as our railcar cleaning business.

Interest expense increased \$2.1 million, primarily due to:

- an increase of \$2.5 million in Corporate and Other which reflects an increase in our average outstanding debt of approximately \$81.1 million, which primarily consists of (i) an increase of \$150.0 million for the 2025 Notes, (ii) an increase of \$49.3 million for the 2022 Notes, (iii) a decrease of \$95.0 million for the Revolving Credit Facility and (iv) a decrease of \$23.2 million for the FTAI Pride Agreement; and
- a decrease of \$0.5 million at Jefferson Terminal due to the Jefferson Refinancing.

Depreciation and amortization increased \$3.3 million, which reflects (i) an increase of \$2.6 million primarily due to additional assets acquired in the Aviation Leasing segment, (ii) an increase of \$2.1 million primarily due to assets placed into service at Jefferson Terminal, partially offset by (iii) a decrease of \$1.6 million due to the Long Ridge Transaction.

Other income (expense)

Total other expense increased \$5.0 million, which primarily reflects (i) a loss on extinguishment of debt of \$4.7 million due to the Jefferson Refinancing, (ii) an increase in loss on sale of assets, net of \$3.5 million as we had a loss in 2020 compared to a gain in 2019, partially offset by (iii) an increase in other income of \$2.6 million due to the Long Ridge Transaction.

Net loss from continuing operations

Net loss from continuing operations increased \$5.6 million, primarily due to the changes noted above.

Net income from discontinued operations, net of income taxes

Net income from discontinued operations, net of income taxes increased \$1.2 million due to a gain on sale of our railroad business.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased \$7.2 million, primarily due to the changes noted above.

Aviation Leasing Segment

As of March 31, 2020, in our Aviation Leasing segment, we own and manage 244 aviation assets, consisting of 76 commercial aircraft and 168 engines.

As of March 31, 2020, 69 of our commercial aircraft and 108 of our engines were leased to operators or other third parties. Aviation assets currently off lease are either undergoing repair and/or maintenance, being prepared to go on lease or held in short term storage awaiting a future lease. Our aviation equipment was approximately 79% utilized during the three months ended March 31, 2020, based on the percent of days on-lease in the quarter weighted by the monthly average equity value of our aviation leasing equipment, excluding airframes. Our aircraft currently have a weighted average remaining lease term of 33 months, and our engines currently on-lease have an average remaining lease term of 14 months. The table below provides additional information on the assets in our Aviation Leasing segment:

| Aviation Assets | Widebody | Narrowbody | Total |
|----------------------------------|-----------------|-------------------|--------------|
| <u>Aircraft</u> | | | |
| Assets at January 1, 2020 | 14 | 60 | 74 |
| Purchases | 1 | 1 | 2 |
| Sales | — | — | — |
| Transfers | — | — | — |
| Assets at March 31, 2020 | 15 | 61 | 76 |
| <u>Engines</u> | | | |
| Assets at January 1, 2020 | 92 | 72 | 164 |
| Purchases | 2 | 2 | 4 |
| Sales | — | (1) | (1) |
| Transfers | — | 1 | 1 |
| Assets at March 31, 2020 | 94 | 74 | 168 |

The following table presents our results of operations:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Change |
|--|------------------------------|------------------|-----------------|
| | 2020 | 2019 | |
| Revenues | | | |
| Equipment leasing revenues | | | |
| Lease income | \$ 46,941 | \$ 47,303 | \$ (362) |
| Maintenance revenue | 31,995 | 21,777 | 10,218 |
| Finance lease income | 429 | 826 | (397) |
| Other revenue | 3,627 | 505 | 3,122 |
| Total revenues | 82,992 | 70,411 | 12,581 |
| Expenses | | | |
| Operating expenses | 4,071 | 6,626 | (2,555) |
| Acquisition and transaction expenses | 2,724 | 978 | 1,746 |
| Depreciation and amortization | 32,631 | 30,005 | 2,626 |
| Total expenses | 39,426 | 37,609 | 1,817 |
| Other (expense) income | | | |
| Equity in losses of unconsolidated entities | (591) | (201) | (390) |
| (Loss) gain on sale of assets, net | (1,819) | 1,718 | (3,537) |
| Interest income | 12 | 26 | (14) |
| Total other (expense) income | (2,398) | 1,543 | (3,941) |
| Income before income taxes | 41,168 | 34,345 | 6,823 |
| Provision for income taxes | 45 | 180 | (135) |
| Net income | 41,123 | 34,165 | 6,958 |
| Less: Net loss attributable to non-controlling interest in consolidated subsidiaries | — | — | — |
| Net income attributable to shareholders | \$ 41,123 | \$ 34,165 | \$ 6,958 |

The following table sets forth a reconciliation of net income attributable to shareholders to Adjusted EBITDA:

| (in thousands) | Three Months Ended March 31, | | |
|---|------------------------------|------------------|-----------------|
| | 2020 | 2019 | Change |
| Net income attributable to shareholders | \$ 41,123 | \$ 34,165 | \$ 6,958 |
| Add: Provision for income taxes | 45 | 180 | (135) |
| Add: Equity-based compensation expense | — | — | — |
| Add: Acquisition and transaction expenses | 2,724 | 978 | 1,746 |
| 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⁾ | 39,498 | 38,339 | 1,159 |
| Add: Interest expense | — | — | — |
| Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽²⁾ | (591) | (201) | (390) |
| Less: Equity in losses of unconsolidated entities | 591 | 201 | 390 |
| Less: Non-controlling share of Adjusted EBITDA | — | — | — |
| Adjusted EBITDA (non-GAAP) | \$ 83,390 | \$ 73,662 | \$ 9,728 |

⁽¹⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) depreciation expense of \$32,631 and \$30,005, (ii) lease intangible amortization of \$1,132 and \$2,462 and (iii) amortization for lease incentives of \$5,735 and \$5,872, respectively.

⁽²⁾ Includes Aviation Leasing's proportionate share of the unconsolidated entities' net income adjusted for the excluded and included items detailed in the table above, for which there were no adjustments.

Revenues

Total revenue increased \$12.6 million driven by higher maintenance revenue and other revenue during the three months ended March 31, 2020 compared to the three months ended March 31, 2019.

- Maintenance revenue increased \$10.2 million primarily due to an increase in the number of aircraft and engines on lease.
- Other revenue increased \$3.1 million primarily due to the settlement of an engine loss.
- Lease income decreased \$0.4 million primarily due to an increase in the number of customers placed on non-accrual status offset by an increase in the number of aircraft and engines on lease.

Expenses

Total expenses increased \$1.8 million primarily due to an increase in depreciation and amortization expense and acquisition and transaction expenses partially offset by a decrease in operating expenses during the three months ended March 31, 2020 compared to the three months ended March 31, 2019.

- Depreciation and amortization expense increased \$2.6 million driven by additional aircraft and engines owned and on lease.
- Acquisition and transaction expense increased \$1.7 million driven by additional compensation and related costs associated with the acquisition of aviation leasing equipment.
- Operating expenses decreased \$2.6 million primarily as a result of a decrease in bad debt expense of \$2.4 million and other operating expenses of \$0.2 million.

Other income

Total other income decreased \$3.9 million primarily due to a decrease of \$3.5 million in gain on the sale of leasing equipment in 2020 and a decrease of \$0.4 million in Aviation Leasing's proportionate share of the unconsolidated entities' net income during the three months ended March 31, 2020 compared to the three months ended March 31, 2019.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased \$9.7 million, primarily due to the changes noted above.

Jefferson Terminal Segment

The following table presents our results of operations:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Change |
|--|------------------------------|-------------------|-----------------|
| | 2020 | 2019 | |
| Infrastructure revenues | | | |
| Lease income | \$ 120 | \$ 308 | \$ (188) |
| Terminal services revenues | 16,411 | 4,867 | 11,544 |
| Crude marketing revenues | 8,210 | 30,779 | (22,569) |
| Total revenues | 24,741 | 35,954 | (11,213) |
| Expenses | | | |
| Operating expenses | 21,943 | 39,241 | (17,298) |
| Depreciation and amortization | 7,226 | 5,156 | 2,070 |
| Interest expense | 3,428 | 3,924 | (496) |
| Total expenses | 32,597 | 48,321 | (15,724) |
| Other income (expense) | | | |
| Equity in losses of unconsolidated entities | — | (220) | 220 |
| Loss on extinguishment of debt | (4,724) | — | (4,724) |
| Interest income | 22 | 38 | (16) |
| Other income (expense) | 33 | (233) | 266 |
| Total other expense | (4,669) | (415) | (4,254) |
| Loss before income taxes | (12,525) | (12,782) | 257 |
| Provision for income taxes | 135 | 86 | 49 |
| Net loss | (12,660) | (12,868) | 208 |
| Less: Net loss attributable to non-controlling interest in consolidated subsidiaries | (4,661) | (3,296) | (1,365) |
| Net loss attributable to shareholders | \$ (7,999) | \$ (9,572) | \$ 1,573 |

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA:

| <i>(in thousands)</i> | Three Months Ended March 31, | | |
|---|-------------------------------------|-------------------|-----------------|
| | 2020 | 2019 | Change |
| Net loss attributable to shareholders | \$ (7,999) | \$ (9,572) | \$ 1,573 |
| Add: Provision for income taxes | 135 | 86 | 49 |
| Add: Equity-based compensation expense | 215 | 90 | 125 |
| Add: Acquisition and transaction expenses | — | — | — |
| Add: Losses on the modification or extinguishment of debt and capital lease obligations | 4,724 | — | 4,724 |
| Add: Changes in fair value of non-hedge derivative instruments | 181 | 850 | (669) |
| Add: Asset impairment charges | — | — | — |
| Add: Incentive allocations | — | — | — |
| Add: Depreciation and amortization expense | 7,226 | 5,156 | 2,070 |
| Add: Interest expense | 3,428 | 3,924 | (496) |
| Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾ | — | 46 | (46) |
| Less: Equity in losses of unconsolidated entities | — | 220 | (220) |
| Less: Non-controlling share of Adjusted EBITDA ⁽²⁾ | (3,341) | (2,090) | (1,251) |
| Adjusted EBITDA (non-GAAP) | \$ 4,569 | \$ (1,290) | \$ 5,859 |

⁽¹⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) net loss of \$0 and \$(220) and (ii) depreciation and amortization expense of \$0 and \$266, respectively.

⁽²⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) equity-based compensation of \$45 and \$19, (ii) provision for income taxes of \$28 and \$18, (iii) interest expense of \$720 and \$791, (iv) changes in fair value of non-hedge derivative instruments of \$38 and \$179, (v) depreciation and amortization expense of \$1,517 and \$1,083 and (vi) loss on extinguishment of debt of \$993 and \$0, respectively.

Revenues

Total revenues decreased \$11.2 million primarily due to (i) a decrease in crude marketing revenue of \$22.6 million due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019, partially offset by (ii) an increase in terminal services of \$11.5 million due to increased activity and storage capacity.

Expenses

Total expenses decreased \$15.7 million which reflects (i) a decrease in operating expenses of \$17.3 million primarily due to Jefferson Terminal exiting the crude marketing strategy in the fourth quarter of 2019, (ii) a decrease in interest expense of \$0.5 million due to the Jefferson Refinancing, partially offset by (iii) an increase in depreciation and amortization of \$2.1 million due to additional assets being placed into service.

Other income (expense)

Total other expense increased \$4.3 million which primarily reflects a loss on extinguishment of debt of \$4.7 million due to the Jefferson Refinancing.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA increased \$5.9 million, primarily due to the changes noted above.

Ports and Terminals

The following table presents our results of operations:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Change |
|--|------------------------------|-------------------|-----------------|
| | 2020 | 2019 | |
| Infrastructure revenues | | | |
| Lease income | \$ — | \$ 355 | \$ (355) |
| Terminal services revenues | — | 1,818 | (1,818) |
| Other revenue | 314 | 3,541 | (3,227) |
| Total revenues | 314 | 5,714 | (5,400) |
| Expenses | | | |
| Operating expenses | 2,000 | 4,902 | (2,902) |
| Acquisition and transaction expenses | 782 | — | 782 |
| Depreciation and amortization | 376 | 1,993 | (1,617) |
| Interest expense | 393 | 296 | 97 |
| Total expenses | 3,551 | 7,191 | (3,640) |
| Other income (expense) | | | |
| Equity in earnings of unconsolidated entities | 906 | — | 906 |
| Interest income | — | 21 | (21) |
| Other expense | — | (2,370) | 2,370 |
| Total other income (expense) | 906 | (2,349) | 3,255 |
| Loss before income taxes | (2,331) | (3,826) | 1,495 |
| Benefit from income taxes | (281) | — | (281) |
| Net loss | (2,050) | (3,826) | 1,776 |
| Less: Net loss attributable to non-controlling interest in consolidated subsidiaries | (75) | (64) | (11) |
| Net loss attributable to shareholders | \$ (1,975) | \$ (3,762) | \$ 1,787 |

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA:

| <i>(in thousands)</i> | Three Months Ended March 31, | | Change |
|---|------------------------------|-------------------|-------------------|
| | 2020 | 2019 | |
| Net loss attributable to shareholders | \$ (1,975) | \$ (3,762) | \$ 1,787 |
| Add: Benefit from income taxes | (281) | — | (281) |
| Add: Equity-based compensation expense | 76 | 92 | (16) |
| Add: Acquisition and transaction expenses | 782 | — | 782 |
| Add: Losses on the modification or extinguishment of debt and capital lease obligations | — | — | — |
| Add: Changes in fair value of non-hedge derivative instruments | — | 2,370 | (2,370) |
| Add: Asset impairment charges | — | — | — |
| Add: Incentive allocations | — | — | — |
| Add: Depreciation and amortization expense | 376 | 1,993 | (1,617) |
| Add: Interest expense | 393 | 296 | 97 |
| Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾ | 228 | — | 228 |
| Less: Equity in earnings of unconsolidated entities | (906) | — | (906) |
| Less: Non-controlling share of Adjusted EBITDA ⁽²⁾ | (9) | (63) | 54 |
| Adjusted EBITDA (non-GAAP) | \$ (1,316) | \$ 926 | \$ (2,242) |

⁽¹⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) net income of \$894 and \$0, (ii) interest expense of \$5 and \$0, (iii) depreciation and amortization expense of \$962 and \$0, (iv) acquisition and transaction expenses of \$81 and \$0 and (v) changes in fair value of non-hedge derivative instruments of \$(1,714) and \$0, respectively.

⁽²⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) equity-based compensation of \$2 and \$2, (ii) interest expense of \$0 and \$54 and (iii) depreciation and amortization expense of \$7 and \$7, respectively.

Revenues

Total revenue decreased \$5.4 million primarily due to (i) the Long Ridge Transaction and (ii) a decrease of \$1.1 million in butane sales at Repauno.

Expenses

Total expenses decreased \$3.6 million primarily due to lower operating expenses of \$2.9 million and depreciation and amortization of \$1.6 million. This was offset by an increase in acquisition and transaction expenses relating to the Long Ridge joint venture of \$0.8 million.

The decrease in operating expenses and depreciation and amortization is primarily due to the Long Ridge Transaction.

Other income

Total other income increased \$3.3 million primarily due to the Long Ridge Transaction.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased \$2.2 million primarily due to the changes noted above.

Corporate and Other

The following table presents our results of operations:

| (in thousands) | Three Months Ended March 31, | | Change |
|--|------------------------------|--------------------|-------------------|
| | 2020 | 2019 | |
| Revenues | | | |
| Equipment leasing revenues | | | |
| Lease income | \$ 2,872 | \$ 1,933 | \$ 939 |
| Other revenue | 585 | 108 | 477 |
| Total equipment leasing revenues | 3,457 | 2,041 | 1,416 |
| Infrastructure revenues | | | |
| Other revenue | 1,336 | 774 | 562 |
| Total infrastructure revenues | 1,336 | 774 | 562 |
| Total revenues | 4,793 | 2,815 | 1,978 |
| Expenses | | | |
| Operating expenses | 5,430 | 3,541 | 1,889 |
| General and administrative | 4,663 | 4,184 | 479 |
| Acquisition and transaction expenses | (312) | 496 | (808) |
| Management fees and incentive allocation to affiliate | 4,766 | 3,838 | 928 |
| Depreciation and amortization | 1,964 | 1,709 | 255 |
| Interest expense | 19,040 | 16,514 | 2,526 |
| Total expenses | 35,551 | 30,282 | 5,269 |
| Other income | | | |
| Equity in (losses) earnings of unconsolidated entities | (50) | 37 | (87) |
| Interest income | 7 | 6 | 1 |
| Total other (expense) income | (43) | 43 | (86) |
| Loss before income taxes | (30,801) | (27,424) | (3,377) |
| Provision for income taxes | 3 | 1 | 2 |
| Net loss | (30,804) | (27,425) | (3,379) |
| Less: Net loss attributable to non-controlling interest in consolidated subsidiaries | — | — | — |
| Dividends on preferred shares | 4,539 | — | 4,539 |
| Net loss attributable to shareholders | \$ (35,343) | \$ (27,425) | \$ (7,918) |

The following table sets forth a reconciliation of net loss attributable to shareholders to Adjusted EBITDA:

| <i>(in thousands)</i> | Three Months Ended March 31, | | |
|---|------------------------------|-------------------|-------------------|
| | 2020 | 2019 | Change |
| Net loss attributable to shareholders | \$ (35,343) | \$ (27,425) | \$ (7,918) |
| Add: Provision for income taxes | 3 | 1 | 2 |
| Add: Equity-based compensation expense | — | — | — |
| Add: Acquisition and transaction expenses | (312) | 496 | (808) |
| 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 | — | 162 | (162) |
| Add: Depreciation and amortization expense | 1,964 | 1,709 | 255 |
| Add: Interest expense | 19,040 | 16,514 | 2,526 |
| Add: Pro-rata share of Adjusted EBITDA from unconsolidated entities ⁽¹⁾ | (50) | 37 | (87) |
| Less: Equity in earnings of unconsolidated entities | 50 | (37) | 87 |
| Less: Non-controlling share of Adjusted EBITDA | — | — | — |
| Adjusted EBITDA (non-GAAP) | \$ (14,648) | \$ (8,543) | \$ (6,105) |

⁽¹⁾ Includes the following items for the three months ended March 31, 2020 and 2019: (i) net (loss) income of \$(80) and \$1 and (ii) interest expense of \$30 and \$36, respectively.

Revenues

Total revenues increased \$2.0 million which primarily reflects (i) increases of \$0.9 million and \$0.5 million in lease income and victualling income, respectively, due to one of our vessels being on hire for longer in 2020 compared to 2019 and (ii) an increase of \$0.6 million due to higher volume in our railcar cleaning business.

Expenses

Total expenses increased \$5.3 million primarily due to higher (i) interest expense, (ii) operating expenses and (iii) management fees and incentive allocation to affiliate, partially offset by (iv) a decrease in acquisition and transaction expenses.

Total interest expense increased \$2.5 million which reflects an increase in our average outstanding debt of approximately \$81.1 million, which primarily consists of (i) an increase of \$150.0 million for the 2025 Notes, (ii) an increase of \$49.3 million for the 2022 Notes, (iii) a decrease of \$95.0 million for the Revolving Credit Facility and (iv) a decrease of \$23.2 million for the FTAI Pride Agreement.

Total operating expenses increased \$1.9 million which primarily reflects higher (i) project costs of \$1.3 million in our offshore energy business, (ii) compensation and benefits of approximately \$0.2 million related to our railcar cleaning business and (iii) bad debt of approximately \$0.2 million in our offshore energy business.

Total management fees and incentive allocation to affiliate increased \$0.9 million as our equity offerings in 2019 increased our average total equity.

Total acquisition and transaction expenses decreased \$0.8 million due to the Aviation Restructuring.

Adjusted EBITDA (Non-GAAP)

Adjusted EBITDA decreased \$6.1 million primarily due to the changes noted above.

Liquidity and Capital Resources

As of March 31, 2020, we had \$40 million outstanding on the Revolving Credit Facility. In April 2020, we drew an additional \$40 million, which leaves \$170 million still available under the Revolving Credit Facility.

We believe we have sufficient liquidity to satisfy our cash needs, however, we continue to evaluate and take action, as necessary, to preserve adequate liquidity and ensure that our business can continue to operate during these uncertain times. This includes limiting discretionary spending across the organization and re-prioritizing our capital projects amid the COVID-19 pandemic.

Our principal uses of liquidity have been and continue to be (i) acquisitions of transportation infrastructure and equipment, (ii) dividends to our shareholders and holders of eligible participating securities, (iii) expenses associated with our operating activities, and (iv) debt service obligations associated with our investments.

- Cash used for the purpose of making investments was \$122.4 million and \$195.4 million during the three months ended March 31, 2020 and 2019, respectively.
- Dividends to shareholders and holders of eligible participating securities were \$32.9 million and \$28.4 million during the three months ended March 31, 2020 and 2019, 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 and continue to be (i) revenues from our transportation infrastructure and equipment assets (including finance lease collections and maintenance reserve collections) net of operating expenses, (ii) proceeds from borrowings or the issuance of securities and (iii) proceeds from asset sales.

- Cash flows from operating activities, plus the principal collections on finance leases and maintenance reserve collections were \$2.1 million and \$35.1 million during the three months ended March 31, 2020 and 2019, respectively.
- During the three months ended March 31, 2020, additional borrowings were obtained in connection with the (i) Series 2020 Bonds of \$264.0 million and (ii) Revolving Credit Facility of \$40.0 million. We made total principal repayments of \$276.0 million relating to the Series 2016 Bonds, Series 2012 Bonds, Jefferson Revolver and FTAI Pride Credit Agreement. During the three months ended March 31, 2019, additional borrowings were obtained in connection with the (i) 2022 Notes of \$147.8 million, (ii) Revolving Credit Facility of \$105.0 million, (iii) LREG Credit Agreement of \$71.5 million, (iv) Jefferson Revolver of \$13.0 million, (v) DRP Revolver of \$9.3 million and (vi) CMQR Credit Agreement of \$5.9 million. We made total principal repayments of \$47.2 million, primarily relating to the Revolving Credit Facility and CMQR Credit Agreement.
- Proceeds from the sale of assets were \$28.6 million and \$27.3 million during the three months ended March 31, 2020 and 2019, respectively.

We are currently evaluating several potential Infrastructure and Equipment Leasing transactions, which could occur within the next 12 months. However, as of the date of this filing, none of these pipeline transactions or negotiations are definitive or included within our planned liquidity needs. We cannot assure if or when any such transaction will be consummated or the terms of any such transaction.

We have a dividend reinvestment plan in place which allows shareholders to automatically reinvest dividends in our common shares. The plan became effective on February 24, 2017.

Historical Cash Flow

Comparison of the three months ended March 31, 2020 and 2019

The following table compares the historical cash flow for the three months ended March 31, 2020 and 2019:

| (in thousands) | Three Months Ended March 31, | |
|---|------------------------------|-----------|
| | 2020 | 2019 |
| Cash Flow Data: | | |
| Net cash (used in) provided by operating activities | \$ (11,806) | \$ 20,270 |
| Net cash used in investing activities | (91,125) | (166,388) |
| Net cash (used in) provided by financing activities | (16,198) | 253,854 |

Net cash provided by operating activities decreased \$32.1 million, which primarily reflects (i) changes in accounts payable, management fees payable, other assets, other liabilities and accounts receivable of approximately \$56.5 million, primarily due to the timing of payments. This decrease was partially offset by (ii) a change in security deposits and maintenance claims included in earnings of \$11.8 million and (iii) a lower net loss of \$6.7 million.

Net cash used in investing activities decreased \$75.3 million primarily due to a decrease in cash used for acquisitions of leasing equipment and property, plant and equipment of \$72.2 million.

Net cash provided by financing activities decreased \$270.1 million primarily due to (i) an increase in repayments of debt of \$228.8 million and (ii) a decrease in proceeds from debt of \$48.7 million.

We use Funds Available for Distribution ("FAD") in evaluating our ability to meet our 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. We believe FAD is a useful metric for investors and analysts for similar purposes.

We define 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 excludes changes in working capital. The following table sets forth a reconciliation of Net Cash Provided by Operating Activities to FAD:

| | Three Months Ended March 31, | |
|---|------------------------------|------------------|
| | 2020 | 2019 |
| <i>(in thousands)</i> | | |
| Net Cash (Used in) Provided by Operating Activities | \$ (11,806) | \$ 20,270 |
| Add: Principal Collections on Finance Leases | 320 | 1,289 |
| Add: Proceeds from Sale of Assets | 28,568 | 27,299 |
| Add: Return of Capital Distributions from Unconsolidated Entities | — | 398 |
| Less: Required Payments on Debt Obligations ⁽¹⁾ | — | (1,562) |
| Less: Capital Distributions to Non-Controlling Interest | — | — |
| Exclude: Changes in Working Capital | 78,955 | 22,489 |
| Funds Available for Distribution (FAD) | \$ 96,037 | \$ 70,183 |

⁽¹⁾ Required payments on debt obligations for the three months ended March 31, 2020 exclude repayments of \$144,200 for the Series 2016 Bonds, \$50,262 for the Jefferson Revolver, \$45,520 for the Series 2012 Bonds and \$36,009 for the FTAI Pride Credit Agreement and for the three months ended March 31, 2019 exclude repayments of \$40,000 for the Revolving Credit Facility and \$5,660 for the CMQR Credit Agreement.

Limitations

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

- FAD does not include equity capital called from our existing limited partners, proceeds from any debt issuance or future equity offering, historical cash and cash equivalents and expected investments in our 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 we rely on alternative sources of liquidity to fund such purchases.
- FAD does not reflect expenditures related to capital expenditures, acquisitions and other investments as we have 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 our distribution decisions.
- Management has significant discretion to make distributions, and we are not bound by any contractual provision that requires us to use cash for distributions.

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

Debt Obligations

Refer to Note 9 of the Consolidated Financial Statements for additional information.

Contractual Obligations

The following table summarizes our future obligations, by period due, as of March 31, 2020, under our various contractual obligations and commitments. We had no off-balance sheet arrangements as of March 31, 2020.

| <i>(in thousands)</i> | Remainder of 2020 | 2021 | 2022 | 2023 | 2024 | Thereafter | Total |
|---|----------------------|-------------------|-------------------|------------------|------------------|---------------------|---------------------|
| Series 2020 Bonds | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 263,980 | \$ 263,980 |
| Revolving Credit Facility | — | — | 40,000 | — | — | — | 40,000 |
| DRP Revolver | — | 25,000 | — | — | — | — | 25,000 |
| Senior Notes due 2022 | — | — | 700,000 | — | — | — | 700,000 |
| Senior Notes due 2025 | — | — | — | — | — | 450,000 | 450,000 |
| Total principal payments on loans and bonds payable | — | 25,000 | 740,000 | — | — | 713,980 | 1,478,980 |
| Total estimated interest payments ⁽¹⁾ | 63,369 | 89,864 | 51,167 | 41,190 | 41,190 | 136,917 | 423,697 |
| Operating lease obligations | 3,524 | 4,734 | 4,606 | 4,549 | 4,318 | 149,992 | 171,723 |
| | 66,893 | 94,598 | 55,773 | 45,739 | 45,508 | 286,909 | 595,420 |
| Total contractual obligations | \$ 66,893 | \$ 119,598 | \$ 795,773 | \$ 45,739 | \$ 45,508 | \$ 1,000,889 | \$ 2,074,400 |

⁽¹⁾ Estimated interest rates as of March 31, 2020.

We expect to meet our future short-term liquidity requirements through cash on hand, unused borrowing capacity or future financings and net cash provided by our current operations. We expect that our operating subsidiaries will generate sufficient cash flow to cover operating expenses and the payment of principal and interest on our indebtedness as they become due. We may elect to meet certain long-term liquidity requirements or to continue to pursue strategic opportunities through utilizing cash on hand, cash generated from our current operations and the issuance of securities in the future. Management believes adequate capital and borrowings are available from various sources to fund our commitments to the extent required.

Application of Critical Accounting Policies

Goodwill—Goodwill includes the excess of the purchase price over the fair value of the net tangible and intangible assets associated with the acquisition of Jefferson Terminal. The carrying amount of goodwill was approximately \$122.7 million and \$122.6 million as of March 31, 2020 and December 31, 2019, respectively.

We review 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, 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. A qualitative analysis was not elected for the year ended December 31, 2019.

Beginning in 2020, we adopted new guidance regarding the testing and recognition of a goodwill impairment which prior to 2020 required two steps. A goodwill 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 goodwill impairment is recorded to the extent of any goodwill recorded in the reporting unit.

We estimate the fair value of the reporting units using an income approach, specifically a discounted cash flow analysis. This analysis requires us to make significant assumptions and estimates about the extent and timing of future cash flows (including forecasted revenue growth rates and EBITDA margins), capital expenditures and discount rates. The estimates and assumptions used consider historical performance if indicative of future performance, and are consistent with the assumptions used in determining future profit plans for the reporting units. We also utilize market valuation models and other financial ratios, which require us to make certain assumptions and estimates regarding the applicability of those models to our assets and businesses.

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, including as a result of events beyond our control, could materially affect the results of the impairment review. If the forecasted cash flows of 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 could be adversely impacted, potentially leading to an impairment in the future that could materially affect our operating results. Specifically, as it relates to the Jefferson Terminal segment, forecasted revenue is dependent on the ramp up of volumes under current contracts and the acquisition of additional storage contracts for the heavy and light crude and refined products during 2020 subject to obtaining rail capacity for crude, permits for pipeline and movements in future oil spreads. Jefferson Terminal was designed to reach a storage capacity of 21.7 million barrels, and 4.4 million of storage, or approximately 20.3% of capacity, is currently operational. If the Company strategy changes from planned capacity downward due to an inability to source contracts or expand volumes, the fair value of the reporting units would be negatively affected, which could lead to an impairment. The expansion of refineries in the Beaumont/Port Arthur area, as well as growing crude oil production in the U.S. and Canada, are expected to result in increased demand for storage on the U.S. Gulf Coast. Although we do not have significant direct exposure to volatility of crude oil prices, changes in crude oil pricing that effects long term refining planned output could impact Jefferson Terminal operations. Other assumptions utilized in our annual impairment analysis that are significant in determination of the fair value of the reporting unit include the discount rate utilized in our discounted cash flow analysis of 13.5% and our terminal growth rate of 2%.

Furthermore, development of both inbound and outbound pipelines to and from the Jefferson Terminal over the next year to two to years will affect our forecasted growth and therefore our estimated fair value. We continue to expect the Jefferson Terminal segment to generate positive Adjusted EBITDA during 2020. Although certain of our anticipated contracts or expected volumes from existing contracts for Jefferson Terminal have been delayed, we continue to believe our projected revenues are achievable and have not yet modified those projections based on ongoing negotiations with our customers and discussions with major pipeline companies. Further delays in executing these contracts or achieving our projections could adversely affect the fair value of the reporting unit. However, with a strengthening macroeconomic demand for storage and the increasing spread between Western Canadian Crude and Western Texas Intermediate, we remain positive for the outlook of Jefferson Terminal's earnings potential.

For the year ended December 31, 2019, there was no impairment of goodwill.

Recent Accounting Pronouncements

See Note 2 to our Consolidated Financial Statements for recent accounting pronouncements.

Item 3. 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.

LIBOR and other indices which are deemed "benchmarks" are the subject of recent national, international, and other regulatory guidance and proposals for reform, and it appears likely that LIBOR will be phased out or the methodology for determining LIBOR will be modified by 2021. We currently have agreements that are indexed to LIBOR and are monitoring related reform proposals and evaluating the related risks; however, it is not possible to predict the effects of any of these developments, and any future initiatives to regulate, reform or change the manner of administration of LIBOR could result in adverse consequences to the rate of interest payable and receivable on, market value of and market liquidity for LIBOR-based financial instruments.

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. In addition, the following discussion does not take into account our Series A preferred shares, on which distributions currently accrue interest at a fixed rate but will accrue interest at a floating rate based on three-month LIBOR plus a spread from and after September 15, 2024.

As of March 31, 2020, 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 increase/decrease in interest expense of approximately \$0.7 million over the next 12 months before the impact of interest rate derivatives.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of and for the period covered by this report.

Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. 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 1A. Risk Factors

You should carefully consider the following risks and other information in this Form 10-Q in evaluating us and our shares. 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 categories: 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

The current outbreak of the novel coronavirus (COVID-19) has severely disrupted the global economy and may have, and the emergence of other epidemic or pandemic crises could have, material adverse effects on our business, results of operations or financial condition.

In recent years, the outbreaks of certain highly contagious diseases have increased the risk of a pandemic resulting in economic disruptions. In particular, the COVID-19 outbreak, which has been declared a global pandemic, has led to severe disruptions in the market and the global, U.S. and regional economies that may continue for a prolonged duration and trigger a recession or a period of economic slowdown. In response, various governmental bodies and private enterprises have implemented numerous measures to contain the outbreak, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. The COVID-19 outbreak is dynamic and expanding, and its ultimate scope, duration and effects are uncertain.

We expect that this pandemic, and any future epidemic or pandemic crises, could result in direct and indirect adverse effects on our industry and customers, which in turn may impact our business, results of operations and financial condition. Effects of the current pandemic include, or may include, among others:

- deterioration of worldwide, regional or national economic conditions and activity, which could further reduce or prolong the recent significant declines in energy prices, or adversely affect global demand for crude oil and petroleum products, demand for our services, and time charter and spot rates;
- disruptions to our operations as a result of the potential health impact on our employees and crew, and on the workforces of our customers and business partners;
- disruptions to our business from, or additional costs related to, new regulations, directives or practices implemented in response to the pandemic, such as travel restrictions, increased inspection regimes, hygiene measures (such as quarantining and physical distancing) or increased implementation of remote working arrangements;
- a lack of air travel demand or an inability of airlines to operate to or from certain regions could impact demand for air travel and the financial health of certain airlines, including our lessees;
- potential delays in the loading and discharging of cargo on or from our vessels, and any related off hire due to quarantines, worker health or regulations, which in turn could disrupt our operations and result in a reduction of revenue;
- potential shortages or a lack of access to required spare parts for our vessels, or potential delays in any repairs to, scheduled or unscheduled maintenance or modifications;
- potential delays in vessel inspections and related certifications by class societies, customers or government agencies;
- potential reduced cash flows and financial condition, including potential liquidity constraints;
- reduced access to capital, including the ability to refinance any existing obligations, as a result of any credit tightening generally or due to continued declines in global financial markets, including to the prices of publicly-traded securities of us, our peers and of listed companies generally; and
- potential deterioration in the financial condition and prospects of our customers, joint venture partners or business partners, or attempts by customers or third parties to invoke force majeure contractual clauses as a result of delays or other disruptions.

Although disruption and effects from the COVID-19 pandemic may be temporary, given the dynamic nature of these circumstances, the duration of any business disruption and the related financial impact to us is uncertain at this time and could materially affect our business, results of operations and financial condition. The ongoing impact of COVID-19 also heightens many of the other risks described in this report, including those relating to our target returns, liquidity and asset values.

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. Excess supply in oil and gas markets can 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 the past, a significant decline in oil prices has led to lower offshore exploration and production budgets worldwide. These conditions have resulted in significant contraction, deleveraging 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. Global economic downturns 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 most 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 most 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;
- 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 whom 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 most 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 most recent economic downturn, 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.

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 Fortress-related entities. 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.

Certain liens may arise on our assets.

Certain of our assets are currently subject to liens under separate financing arrangements entered into by certain subsidiaries in connection with acquisitions of assets. 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 our assets 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, develop, operate, 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.

We may not generate a sufficient amount of cash or generate sufficient free cash flow to fund our operations or repay our indebtedness.

Our ability to make payments on our indebtedness as required depends on our ability to generate cash flow in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we do not generate sufficient free cash flow to satisfy our debt obligations, including interest payments and the payment of principal at maturity, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. We cannot provide assurance that any refinancing would be possible, that any assets could be sold, or, if sold, of the timeliness and amount of proceeds realized from those sales, that additional financing could be obtained on acceptable terms, if at all, or that additional financing would be permitted under the terms of our various debt instruments then in effect. Furthermore, our ability to refinance would depend upon the condition of the finance and credit markets. Our inability to generate sufficient free cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms or on a timely basis, would materially affect our business, financial condition and results of operations.

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 (including, but not limited to, our businesses within the Jefferson Terminal and Ports and Terminals segments). 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.

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 business, 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 operational 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 U.S. federal agencies including the U.S. Environmental Protection Agency, the U.S. Department of Transportation (DOT), the Occupational Safety and Health Act (OSHA), the U.S. Federal Railroad Administration (FRA), and the U.S. Surface Transportation Board (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. 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 U.S. Congress or Canadian Parliament or new regulations issued by federal agencies can significantly affect the revenues, costs and profitability of our business. For instance, more recently proposed bills such as the “Rail Shipper Fairness Act of 2017,” or competitive access proposals under consideration by the STB, 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 U.S. 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 increased pipeline congestion and a corresponding growth in crude oil being transported by rail from Canada and across the U.S. High-profile accidents involving crude-oil-carrying trains in Quebec, North Dakota and Virginia, and more recently in Saskatchewan, West Virginia and Illinois, have raised concerns about derailments and the environmental and safety risks associated with crude oil transport by rail and the associated risks arising from railcar design. In Canada, the transport of hazardous products is receiving greater scrutiny which could impact our customers and our business.

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 to the extent we elect to move certain flammable liquids in the future. While we may be able to pass some of these costs on to our customers, there may be 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 hurricanes, cyclones, earthquakes, landslides, floods, explosions, fires, derailments, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, and increased government oversight 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.

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 assets 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 business 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 are affected by numerous factors beyond our 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 or trade 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.

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, we do not currently have long-term charters for our construction support vessel and our ROV support vessel. 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.

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 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 Asia and the Middle East, it may become more difficult and expensive to enforce our rights and recover our assets.

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;
- potential cybersecurity attacks;
- 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 potential 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 potential 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.

The agreements governing our indebtedness place restrictions on us and our subsidiaries, reducing operational flexibility and creating default risks.

The agreements governing our indebtedness, including, but not limited to, the indenture governing our Senior Notes and the revolving credit facility entered into on June 16, 2017 ("Revolving Credit Facility"), contain covenants that place restrictions on us and our subsidiaries. The indentures governing our Senior Notes and the Revolving Credit Facility restrict among other things, our and certain of our subsidiaries' ability to:

- merge, consolidate or transfer all, or substantially all, of our assets;
- incur additional debt or issue preferred shares;
- make certain investments or acquisitions;
- create liens on our or our subsidiaries' assets;
- sell assets;
- make distributions on or repurchase our shares;
- enter into transactions with affiliates; and
- create dividend restrictions and other payment restrictions that affect our subsidiaries.

These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. A breach of any of these covenants could result in an event of default. Cross-default provisions in our debt agreements could cause an event of default under one debt agreement to trigger an event of default under our other debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders or holders thereof could elect to declare all outstanding debt under such agreements to be immediately due and payable.

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 have a limited operating history, our historical financial and operating data may not be representative of our future results.

We are a 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, 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.

Our Repauno site and Long Ridge property are subject to environmental laws and regulations that may expose us to significant costs and liabilities.

Our Repauno site is subject to ongoing environmental investigation and remediation by the former owner of the property related to historic industrial operations. The former owner is responsible for completion of this work, and we benefit from a related indemnity and insurance policy. If the former owner fails to fulfill its investigation and remediation, or indemnity obligations and the related insurance, which are subject to limits and conditions, fail to cover our costs, we could incur losses. Redevelopment of the property in those areas undergoing investigation and remediation must await state environmental agency confirmation that no further investigation or remediation is required before redevelopment activities can occur in such areas of the property. Therefore, any delay in the former owner's completion of the environmental work or receipt of related approvals in an area of the property could delay our redevelopment activities. In addition, once received, permits and approvals may be subject to litigation, and projects may be delayed or approvals reversed or modified in litigation. If there is a delay in obtaining any required regulatory approval, it could delay projects and cause us to incur costs.

In connection with our acquisition of Long Ridge, the former owner of the property is obligated to perform certain post-closing demolition activities, remove specified containers, equipment and structures and conduct investigation, removal, cleanup and decontamination related thereto. In addition, the former owner is responsible for ongoing environmental remediation related to historic industrial operations on and off Long Ridge. Pursuant to an order issued by the Ohio Environmental Protection Agency ("Ohio EPA"), the former owner is responsible for completing the removal and off-site disposal of electrolytic pots associated with the former use of Long Ridge as an aluminum reduction plant. In addition, Long Ridge is located adjacent to the former Ormet Corporation Superfund site (the "Ormet site"), which is owned and operated by the former owner of Long Ridge. Pursuant to an order with the United States Environmental Protection Agency ("U.S. EPA"), the former owner is obligated to pump groundwater that has been impacted by the adjacent Ormet site beneath our site and discharge it to the Ohio River and monitor the groundwater annually. Long Ridge is also subject to an environmental covenant related to the adjacent Ormet site that, inter alia, restricts the use of groundwater beneath our site and requires U.S. EPA consent for activities on Long Ridge that could disrupt the groundwater monitoring or pumping. The former owner is contractually obligated to complete its regulatory obligations on Long Ridge and we benefit from a related indemnity and insurance policy. If the former owner fails to fulfill its demolition, removal, investigation, remediation, monitoring, or indemnity obligations, and if the related insurance, which is subject to limits and conditions, fails to cover our costs, we could incur losses. Redevelopment of the property in those areas undergoing investigation and remediation pursuant to the Ohio EPA order must await state environmental agency confirmation that no further investigation or remediation is required before redevelopment activities can occur in such area of the property. Therefore, any delay in the former owner's completion of the environmental work or receipt of related approvals or consents from Ohio EPA or U.S. EPA could delay our redevelopment activities.

In addition, a portion of Long Ridge is proposed for redevelopment as a combined cycle gas-fired electric generating facility. Although environmental investigations in that portion of the property have not identified material impacts to soils or groundwater that reasonably would be expected to prevent or delay redevelopment, impacted materials could be encountered during construction that require special handling and/or result in delays to the project. In addition, the construction of an electric generating plant will require environmental permits and approvals from federal, state and local environmental agencies. Once received, permits and approvals may be subject to litigation, and projects may be delayed or approvals reversed or modified in litigation. If there is a delay in obtaining any required regulatory approval, it could delay projects and cause us to incur costs.

Moreover, new, stricter environmental laws, regulations or enforcement policies, including those imposed in response to climate change, could be implemented that significantly increase our compliance costs, or require us to adopt more costly methods of operation. If we are not able to transform Repauno or Long Ridge into hubs for industrial and energy development in a timely manner, their future prospects could be materially and adversely affected, which may have a material adverse effect on our business, operating results and financial condition.

The expected discontinuation of the LIBOR benchmark interest rate may have an impact on our business.

On July 27, 2017, the U.K. Financial Conduct Authority (the "FCA"), which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after 2021. As a result, LIBOR may be discontinued after 2021. The FCA and the submitting LIBOR banks have indicated they will support the LIBOR indices through 2021 to allow for an orderly transition to an alternative reference rate. Financial services regulators and industry groups are evaluating the phase-out of LIBOR and the development of alternate reference rate indices or reference rates.

In the United States, the Alternative Reference Rate Committee ("ARRC"), a group of diverse private-market participants assembled by the Federal Reserve Board and the Federal Reserve Bank of New York, was tasked with identifying alternative reference rates to replace LIBOR. The Secured Overnight Finance Rate ("SOFR") has emerged as the ARRC's preferred alternative rate for LIBOR. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities in the repurchase agreement market. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from LIBOR is anticipated to be gradual over the coming years.

As of March 31, 2020, we had \$65.0 million of total debt outstanding under facilities with interest rates based on floating-rate indices. We cannot predict what reference rate would be agreed upon or what the impact of any such replacement rate would be to our interest expense. Potential changes to the underlying floating-rate indices and reference rates may have an adverse impact on our agreements indexed to LIBOR and could have a negative impact on our profitability and cash flows.

A cyberattack that bypasses our information technology, or IT, security systems or the IT security systems of our third-party providers, causing an IT security breach, may lead to a disruption of our IT systems and the loss of business information which may hinder our ability to conduct our business effectively and may result in lost revenues and additional costs.

Parts of our business depend on the secure operation of our IT systems and the IT systems of our third-party providers to manage, process, store, and transmit information associated with aircraft leasing. We have, from time to time, experienced threats to our data and systems, including malware and computer virus attacks. A cyberattack that bypasses our IT security systems or the IT security systems of our third-party providers, causing an IT security breach, could adversely impact our daily operations and lead to the loss of sensitive information, including our own proprietary information and that of our customers, suppliers and employees. Such losses could harm our reputation and result in competitive disadvantages, litigation, regulatory enforcement actions, lost revenues, additional costs and liabilities. While we devote substantial resources to maintaining adequate levels of cyber-security, our resources and technical sophistication may not be adequate to prevent all types of cyberattacks.

If we are deemed an “investment company” under the Investment Company Act, 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 (other than Jefferson, Repauno and Long Ridge employees) are employees of our Manager or other Fortress entities. 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 entities 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 or other Fortress entities that are key to us. An inability to find a suitable replacement for any departing employee of our Manager or Fortress entities 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, Co-Chief Executive Officer and a member 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.

On December 27, 2017, SoftBank announced that it completed the SoftBank Merger. In connection with the SoftBank Merger, Fortress operates within SoftBank as an independent business headquartered in New York. There can be no assurance that the SoftBank Merger will not have an impact on us or our relationship with the Manager.

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

Our Management Agreement, the Partnership Agreement and our operating agreement were negotiated prior to our IPO and among affiliated parties, and their terms, including fees payable, may not be as favorable to us as if they had been negotiated after our IPO 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 Inc. and Florida East Coast Industries, LLC (“FECI”) - 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 Inc. Although we have the same Manager, we may compete with entities affiliated with our Manager or

Fortress, including Seacastle Inc. and FECl, 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.

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 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 Inc. and FECl, 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 have 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 we make at the direction of 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, employees, sub-advisers and any other person controlling or Manager, 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, employees, sub-advisers and any other person controlling or Manager, except liability to us, 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. Holders of our common shares 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. Such 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.

We may hold or acquire certain investments through entities classified as CFCs or PFICs for U.S. federal income tax purposes.

Many of our investments are in non-U.S. corporations or are held through non-U.S. subsidiaries that are classified as corporations for U.S. federal income tax purposes. Some of these foreign entities may be classified as controlled foreign corporations ("CFCs") or passive foreign investment companies ("PFICs") (each as defined in the Code). Shareholders subject to U.S. federal income tax may experience adverse U.S. federal income tax consequences related to the indirect ownership of CFC or PFIC shares. For example, such shareholders may be required to take into account U.S. taxable income with respect to such CFCs or PFICs without a corresponding receipt of cash from us. In addition, under the CFC rules, certain capital gains are treated as ordinary dividend income and shareholders could be subject to income inclusions in respect of the "global intangible low-taxed income" of the CFC. Treasury regulations have been proposed that, if finalized, will generally have the effect of limiting certain adverse consequences of the CFC rules to shareholders treated for U.S. federal income tax purposes as owning indirectly or constructively (including through other partnerships) stock possessing 10% or more of the voting power or value of such CFCs. Taxpayers are permitted to rely, and we intend to rely, on such proposed regulations.

Under the PFIC rules, indirect ownership of PFIC shares by U.S. persons generally gives rise to materially adverse U.S. federal income tax consequences, which may be mitigated by electing to treat the PFIC as a qualified electing fund (“QEF”). We currently anticipate using commercially reasonable efforts to make such an election (a “QEF Election”) with respect to each PFIC in which we hold a material interest, directly or indirectly, in the first year during which we hold shares in such entity. As a result, U.S. holders of our common shares will generally be subject to tax on a current basis on their respective shares of each such PFIC’s undistributed ordinary earnings and net capital gains for each year in which the entity is a PFIC, regardless of whether such holders receive a corresponding distribution of cash from us. In certain cases, however, we may be unable to make a QEF Election with respect to a PFIC because, for example, we are unable to obtain the necessary information. In such event, U.S. holders of our common shares will be subject to imputed interest charges and other disadvantageous tax treatment with respect to certain “excess distributions” from the PFIC and gain realized upon the direct or indirect sale of the PFIC (including through the sale of our common shares).

Prospective investors should consult their tax advisors regarding the potential impact of the rules regarding CFCs and PFICs before investing in our shares.

Certain tax consequences of the ownership of our preferred shares, including treatment of distributions as guaranteed payments for the use of capital, are uncertain.

The tax treatment of distributions on our preferred shares is uncertain. We intend to treat the holders of our preferred shares as partners for tax purposes and we intend to treat distributions on the shares as guaranteed payments for the use of capital that will generally be taxable to the holders of our preferred shares as ordinary income. Although a holder of our preferred shares will recognize taxable income from the accrual of such a guaranteed payment (even in the absence of a contemporaneous cash distribution), we anticipate accruing and making the guaranteed payment distributions quarterly. Except in the case of any loss recognized in connection with our liquidation, holders of our preferred shares are generally not anticipated to share in our items of income, gain, loss or deduction, nor are they anticipated to be allocated any share of our nonrecourse liabilities. If our preferred shares were treated as indebtedness for tax purposes, rather than as guaranteed payments for the use of capital, distributions likely would be treated as payments of interest by us to the holders of our preferred shares. Finally, if holders of our preferred shares were entitled to an allocation of income from FTAI, the risk factors applicable to holders of common shares would generally apply.

U.S. tax reform could adversely affect us and our shareholders.

The Tax Cuts and Jobs Act (the “TCJA”), which is generally effective for taxable years beginning after December 31, 2017, amended the Code in a manner that significantly changed the taxation of individuals and business entities, including with respect to the taxation of offshore earnings and the deductibility of interest. In some cases, there is still uncertainty around the scope and application of the TCJA that may be addressed in future guidance issued by the U.S. Department of Treasury and the IRS. Some of the changes could adversely affect our business and financial condition and the value of our shares. The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), which was enacted on March 27, 2020, temporarily modifies some provisions of the TCJA.

Prospective investors should consult their tax advisors about the TCJA and its potential impact before investing in our shares.

Under the TCJA, shareholders that are not U.S. persons could be subject to U.S. federal income tax, including a 10% withholding tax, on the disposition of our shares.

If the Internal Revenue Service (the “IRS”) were to determine that we, Holdco, or any other entity in which we invest that is subject to tax on a flow-through basis, is engaged in a U.S. trade or business for U.S. federal income tax purposes, any gain recognized by a foreign transferor on the sale, exchange or other disposition of our shares would generally be treated as “effectively connected” with such trade or business to the extent it does not exceed the effectively connected gain that would be allocable to the transferor if we sold all of our assets at their fair market value as of the date of the transferor’s disposition. Under the TCJA, any such gain that is treated as effectively connected will generally be subject to U.S. federal income tax. In addition, the transferee of the shares or the applicable withholding agent would be required to deduct and withhold a tax equal to 10% of the amount realized by the transferor on the disposition, which would include an allocable portion of our liabilities and would therefore generally exceed the amount of transferred cash received by transferor in the disposition, unless the transferor provides an IRS Form W-9 or an affidavit stating the transferor’s taxpayer identification number and that the transferor is not a foreign person. If the transferee fails to properly withhold such tax, we would be required to deduct and withhold from distributions to the transferee a tax in an amount equal to the amount the transferee failed to withhold, plus interest. Although we do not believe that we are currently engaged in a U.S. trade or business (directly or indirectly through pass-through subsidiaries), we are not required to manage our operations in a manner that is intended to avoid the conduct of a U.S. trade or business.

The withholding requirements with respect to the disposition of an interest in a publicly traded partnership are currently suspended and will remain suspended until Treasury regulations are promulgated or other relevant authoritative guidance is issued. Future guidance on the implementation of these requirements will be applicable on a prospective basis.

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 in the sale and such shareholder's adjusted tax basis in those shares. A shareholder's adjusted tax basis in the shares at the time of sale will generally be lower than the shareholder's original tax basis in the shares to the extent that prior distributions to such shareholder exceed the total taxable income allocated to such shareholder. A shareholder may therefore recognize a gain in a sale of our common shares if the shares are sold at a price that is less than their original cost. 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 are 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 U.S. federal income 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 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 income. Although the TCJA reduced regular corporate rates from 35% to 21%, our failure to qualify as a partnership for U.S. federal income tax purposes could nevertheless adversely affect our business, operating results and financial condition. In addition, we would likely be liable for state and local income and/or franchise taxes on our income. Finally, distributions of cash to shareholders would constitute qualified dividend income taxable to such shareholders to the extent of our earnings and profits and 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 shares.

Shareholders that are not U.S. persons should also anticipate being required to file U.S. tax returns and may be required to pay U.S. tax solely on account of owning our 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 (directly or indirectly through pass-through subsidiaries), in which case some portion of our income would be treated as effectively connected income with respect to non-U.S. persons. 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 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. persons holding our common shares 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. Likewise, non-U.S. persons holding our preferred shares, by virtue of receiving guaranteed payments, may be required to file U.S. federal income tax returns and may be subject to U.S. federal withholding tax on their guaranteed payments, irrespective of our operations or investments. In both cases, non-U.S. persons that are corporations may also be subject to a branch profits tax on their allocable share of such income. Non-U.S. persons 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 shares. Non-U.S. shareholders are urged to consult their tax advisors regarding the tax consequences of an investment in our shares.

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

If a non-U.S. person held more than 5% of any class of our shares at any time during the 5-year period preceding such non-U.S. person's disposition of such 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. person may be subject to U.S. tax on such disposition of such 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 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 also includes income attributable to debt-financed property and we are not prohibited from incurring debt to finance 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. In addition, the treatment of guaranteed payments for the use of capital to tax-exempt investors is not certain, and so distributions on our preferred shares may be treated as UBTI for federal income tax purposes, irrespective of our operations or the structure of our investments. The potential for income to be characterized as UBTI could make our 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 our shares.

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 believe 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 not in excess of 4%. If 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 21% for taxable years beginning after December 31, 2017. 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.

The ability of our corporate subsidiaries to utilize net operating losses ("NOLs") to offset their future taxable income may become limited.

Certain of our corporate subsidiaries have significant NOLs, and any limitation on their use could materially affect our profitability. Such a limitation could occur if our corporate subsidiaries were to experience an "ownership change" as defined under Section 382 of the Code. The rules for determining ownership changes are complex, and changes in the ownership of our shares could

cause an ownership change in one or more of our corporate subsidiaries. Sales of our shares by our shareholders, as well as future issuances of our shares, could contribute to a potential ownership change in our corporate subsidiaries.

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

Some of our subsidiaries are subject to income, withholding or other taxes in certain non-U.S. jurisdictions by reason of their jurisdiction of incorporation, 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. Further, the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“BEPS”) recently entered into force among the jurisdictions that ratified it. The implementation of BEPS prevention measures could result in a higher effective tax rate on our worldwide earnings by, for example, reducing the tax deductions or otherwise increasing the taxable income of our subsidiaries. In addition, 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. The U.S. federal income tax treatment of our shareholders may also 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.

Because we cannot match transferors and transferees of our shares, 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 generally 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.

Rules regarding U.S. federal income tax liability arising from IRS audits could adversely affect our shareholders.

For taxable years beginning on or after January 1, 2018, we will be liable for U.S. federal income tax liability arising from an IRS audit, unless certain alternative methods are available and we elect to use them. It is possible that certain shareholders or we may be liable for taxes attributable to adjustments to our taxable income with respect to tax years that closed before such shareholders owned our shares. Accordingly, these rules may adversely affect certain shareholders in certain cases. This differs from the rules that apply for taxable years beginning before January 1, 2018, which generally provide that tax adjustments only affect the persons who were shareholders in the tax year in which the item was reported on our tax return. The manner in which these rules apply is uncertain and in many respects depends on the promulgation of future regulations or other guidance by the U.S. Treasury Department or the IRS.

Risks Related to Our Shares

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

The market price of our common and preferred shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our common and preferred shares may fluctuate and cause significant price variations to occur. If the market price of our common or preferred 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 and preferred 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 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;
- prevailing interest rates or rates of return being paid by other comparable companies and the market for securities similar to our preferred shares;
- additional issuances of preferred shares;
- whether we declare distributions on our preferred shares;
- 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 and preferred shares.

We are 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. Because we are no longer an emerging growth company, we are subject to heightened disclosure obligations, which may impact our share price.

As a public company, we are required to comply with Section 404 ("Section 404") of the Sarbanes-Oxley Act. Section 404 requires that we evaluate the effectiveness of our internal control over financial reporting at the end of each fiscal year and to include a management report assessing the effectiveness of our internal controls over financial reporting in our Annual Report on Form 10-K for that fiscal year. Section 404 also requires an independent registered public accounting firm to attest to, and report on, management's assessment of our internal controls over financial reporting. Because we ceased to be an emerging growth company at the end of 2017, we were required to have our independent registered public accounting firm attest to the effectiveness of our internal controls in our Annual Reports on Form 10-K for the fiscal years ended December 31, 2019 and December 31, 2018, and will be required to do so going forward. The outcome of our review and the report of our independent registered public accounting firm 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 discover a material weakness in our internal control over financial reporting, 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 granted and may be granted to our Manager pursuant to the Management Agreement and the Incentive Plan. Since 2015, we granted our Manager an option to acquire 2,088,704 common shares in connection with equity offerings. In the future, upon the successful completion of additional offerings of our common shares or other equity securities (including securities issued as consideration in an acquisition), we will grant to our Manager options to purchase common shares in an amount equal to 10% of the number of common shares being sold in such offerings (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 Incentive Plan, which provides for the grant of equity-based awards, including restricted shares, stock options, stock appreciation rights, performance awards, restricted share 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. As of March 31, 2020, rights relating to 2,113,704 of our common shares were outstanding under the Incentive Plan. In the future on the date of any equity issuance by us 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 us 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 (A) 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 (B) the fair market value of a common share as of the date of such equity issuance.

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

Sales of substantial amounts 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, acquisitions or investments. 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. Our net cash provided by operating activities has been less than the amount of distributions to our

shareholders. 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, net cash provided by operating activities, 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. There can be no assurance that we will continue to 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 us based both on our consolidated net income and capital gains income in each fiscal quarter and for each fiscal year, respectively. Furthermore, the terms of our Series A preferred shares generally prevent us from declaring or paying dividends on or repurchasing our common shares or other junior capital unless all accrued distributions on such preferred shares have been paid in full.

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 relatively new 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. These rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, as a result of becoming a public company, we have independent directors and board committees. In addition, we may continue to incur additional costs associated with maintaining directors' and officers' liability insurance and with the termination of our status as an emerging growth company as of the end of 2017. Because we are no longer an emerging growth company, we are subject to the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and enhanced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. 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 are 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

| Exhibit No. | Description |
|------------------------|---|
| 2.1 | Agreement and Plan of Merger, dated as of November 19, 2019, by and among Soo Line Corporation, Black Bear Acquisition LLC, Railroad Acquisition Holdings LLC and Fortress Worldwide Transportation and Infrastructure General Partnership (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed January 6, 2020). |
| 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 on April 30, 2015). |
| 3.2 | Third Amended and Restated Limited Liability Company Agreement of Fortress Transportation and Infrastructure Investors LLC, dated as of November 27, 2019 (incorporated by reference to Exhibit 3.2 of the Company's Form 8-A, filed November 27, 2019). |
| 3.3 | Share Designation with respect to the 8.25% Fixed-to-Floating Series A Cumulative Perpetual Redeemable Preferred Shares, dated as of September 12, 2019 (included as part of Exhibit 3.2). |
| 3.4 | Share Designation with respect to the 8.00% Fixed-to-Floating Series B Cumulative Perpetual Redeemable Preferred Shares, dated as of November 27, 2019 (included as part of Exhibit 3.2). |
| 4.1 | Indenture, dated March 15, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on March 15, 2017). |
| 4.2 | Form of global note representing the Company's 6.75% senior unsecured notes due 2022 (included in Exhibit 4.1). |
| 4.3 | First Supplemental Indenture, dated June 8, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K, filed on March 1, 2018). |
| 4.4 | Second Supplemental Indenture, dated August 23, 2017, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on August 23, 2017). |
| 4.5 | Third Supplemental Indenture, dated December 20, 2017, between Fortress Transportation and Infrastructure LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K filed on December 20, 2017). |
| 4.6 | Fourth Supplemental Indenture, dated May 31, 2018, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed May 31, 2018). |
| 4.7 | Fifth Supplemental Indenture, dated February 8, 2019, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.75% senior unsecured notes due 2022 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed February 8, 2019). |
| 4.8 | Indenture, dated September 18, 2018, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.50% senior unsecured notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on September 18, 2018). |
| 4.9 | Form of global note representing the Company's 6.50% senior unsecured notes due 2025 (included in Exhibit 4.8). |
| 4.10 | First Supplemental Indenture, dated May 21, 2019, between Fortress Transportation and Infrastructure Investors LLC and U.S. Bank National Association, as trustee, relating to the Company's 6.50% senior unsecured notes due 2025 (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K, filed on May 21, 2019). |
| 4.11 | Form of certificate representing the 8.25% Fixed-to-Floating Rate Series A Cumulative Perpetual Redeemable Preferred Shares of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 4.1 of the Company's Form 8-A, filed September 12, 2019). |
| 4.12 | Form of certificate representing the 8.00% Fixed-to-Floating Rate Series B Cumulative Perpetual Redeemable Preferred Shares of Fortress Transportation and Infrastructure Investors LLC (incorporated by reference to Exhibit 4.1 to the Company's Form 8-A, filed November 27, 2019). |
| 4.13 | Description of Securities Registered under Section 12 of the Exchange Act (incorporated by reference to Exhibit 4.13 to the Company's Form 10-K, filed February 28, 2020). |
| 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 | 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). |
| † 10.4 | 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). |

| Exhibit No. | Description |
|-------------------------|---|
| 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 June 16, 2017, among Fortress Transportation and Infrastructure Investors LLC, as Borrower, the lenders and issuing banks from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on June 22, 2017). |
| 10.7 | Credit Agreement Amendment No. 1, dated as of August 2, 2018, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, the lenders and issuing banks from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.15 of the Company's Quarterly Report on Form 10-Q, filed on August 3, 2018). |
| 10.8 | Credit Agreement Amendment No. 2 dated as of February 8, 2019, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, as grantor, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and Barclays Bank PLC, as lenders and issuing banks, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on February 11, 2019). |
| 10.9 | Credit Agreement Amendment No. 3 dated as of August 6, 2019, among Fortress Transportation and Infrastructure Investors LLC, as borrower, Fortress Worldwide Transportation and Infrastructure General Partnership, as grantor, JPMorgan Chase Bank, N.A., Morgan Stanley Senior Funding, Inc. and Barclays Bank PLC, as lenders and issuing banks, and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on August 9, 2019). |
| * 10.10 | Engineering, Procuring and Construction Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and Kiewit Power Constructors Co. (incorporated by reference to Exhibit 10.17 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019). |
| * 10.11 | Purchase and Sale of Power Generation Equipment and Related Services Agreement dated as of February 15, 2019, between Long Ridge Energy Generation LLC and General Electric Company (incorporated by reference to Exhibit 10.18 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019). |
| 10.12 | First Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders and issuing banks from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.19 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019). |
| 10.13 | Second Lien Credit Agreement dated as of February 15, 2019, among Ohio River PP Holdco LLC, Ohio Gasco LLC, Long Ridge Energy Generation LLC, the lenders from time to time party thereto, and Cortland Capital Market Services LLC, as administrative agent (incorporated by reference to Exhibit 10.20 of the Company's Quarterly Report on Form 10-Q, filed on May 3, 2019). |
| † 10.14 | Form of Award Agreement under the Fortress Transportation and Infrastructure Investors Nonqualified Stock Option and Incentive Award Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed on January 17, 2018). |
| 10.15 | Credit Agreement, dated as of February 11, 2020, among Jefferson 2020 Bond Borrower LLC, as the borrower and Fortress Transportation and Infrastructure Investors LLC, acting through one or more affiliates, as the lender. |
| 10.16 | Senior Loan Agreement, dated as of February 1, 2020, between Port of Beaumont Navigation District of Jefferson County, Texas, as issuer and Jefferson 2020 Bond Borrower LLC, as borrower. |
| 10.17 | Deed of Trust, Security Agreement, Financing Statement and Fixture Filing, dated February 1, 2020, from Jefferson 2020 Bond Borrower LLC, as grantor, and Jefferson 2020 Bond Lessee LLC, as grantor, to Ken N. Whitlow, as Deed of Trust Trustee for the benefit of Deutsche Bank National Trust Company, as beneficiary. |
| 10.18 | Amended and Restated Lease and Development Agreement, effective as of January 1, 2020, by and between Port of Beaumont Navigation District of Jefferson County, Texas, as lessor, and Jefferson 2020 Bond Lessee LLC, as lessee. |
| 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 | The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) Consolidated Balance Sheets; (ii) Consolidated Statements of Operations; (iii) Consolidated Statements of Comprehensive Income (Loss); (iv) Consolidated Statements of Changes in Equity; (v) Consolidated Statements of Cash Flows; and (vi) Notes to Consolidated Financial Statements. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |
| † | <i>Management contracts and compensatory plans or arrangements.</i> |
| * | <i>Portions of this exhibit have been omitted.</i> |

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/ Joseph P. Adams, Jr.
Joseph P. Adams, Jr.
Chairman and Chief Executive Officer

Date: May 1, 2020

By: /s/ Scott Christopher
Scott Christopher
Chief Financial Officer

Date: May 1, 2020

By: /s/ Eun Nam
Eun Nam
Chief Accounting Officer

Date: May 1, 2020

CREDIT AGREEMENT

dated as of
February 11, 2020
among

JEFFERSON 2020 BOND BORROWER LLC,
as the Borrower

and

FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC,
acting through one or more Affiliates,
as the Lender

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EXHIBITS:

Exhibit A – Form of Borrowing Request

CREDIT AGREEMENT

This CREDIT AGREEMENT (this “Agreement”) is dated as of February 11, 2020 among JEFFERSON 2019 BOND BORROWER LLC, a Delaware limited liability company (the “Borrower”), and FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC, a Delaware limited liability company, acting through one or more Affiliates (the “Lender”).

The undersigned Borrower, for value received, hereby promises to pay, pursuant to the terms and conditions contained herein, to Lender, the principal amount of Loans (as defined below) made by Lender outstanding under and as evidenced by this Agreement in immediately available funds, on the Maturity Date (as defined below) and to pay interest on the unpaid principal amount of said principal sums from and including the date hereof until the Maturity Date.

Accordingly, the parties hereto agree to the following:

ARTICLE I

Definitions

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Agreement” has the meaning assigned in the preamble hereto.

“Approved Fund” means any Fund that is administered or managed by (a) the Lender, (b) an Affiliate of the Lender or (c) an entity or an Affiliate of an entity that administers or manages the Lender.

“Assignment and Assumption” means an assignment and assumption agreement entered into by the Lender and an assignee (with the consent of any party whose consent is required by Section 8.04 of this Agreement), in any form (including electronic documentation generated by use of an electronic platform) approved by the Lender.

“Availability Period” means the period from and including the Closing Date to but excluding the earlier of (a) the Maturity Date and (b) the date all of the Commitments are terminated in accordance with the provisions of this Agreement.

“Bonds” means the Series 2020 Bonds together with the Additional Parity Bonds (as defined in the Indenture) issued from time to time pursuant to the Indenture, if any.

“Borrower” has the meaning assigned in the preamble hereto. “Borrowing” means Loans made on the same date.

“Borrowing Request” means a request by the Borrower for a Borrowing in accordance with Section 2.03.

“Business Day” means any day that is not a Saturday, a Sunday or any other day on which banks are not open for dealings in deposits in Dollars in the London interbank eurodollar market or any day on which banks in New York or London are not open for general business.

“Capitalized Lease” means, with respect to any Person, any lease of (or other arrangement conveying the right to use) real or personal property by such Person as lessee that is required under GAAP to be classified and accounted for as a finance lease on the balance sheet of such Person under Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842).

“Capitalized Lease Obligations” means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

“Change in Control” means any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one or more Permitted Holders and excluding any employee benefit plan or Person acting as the trustee, agent or other fiduciary or administrator therefor, is or becomes the direct beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) of more than 50% of the total voting power of the Voting Stock of the Borrower; provided, however, that notwithstanding the foregoing, a transaction or series of transactions will not be deemed to involve a Change of Control if (x) the Borrower becomes a direct or indirect wholly-owned subsidiary of a holding company and (y) (A) the direct or indirect beneficial owners of the Voting Stock of such holding company immediately following such transaction or transactions are substantially the same as the beneficial owners of the Voting Stock of the Borrower immediately prior to such transaction or transactions or (B) immediately following such transaction or transactions, no Person (other than a holding company satisfying the requirements of this proviso) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company, other than one or more Permitted Holders and excluding any employee benefit plan or Person acting as the trustee, agent or other fiduciary or administrator therefor. For purposes of this definition, a Person shall not be deemed to have beneficial ownership of Voting Stock subject to a stock purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement.

“Change in Law” means (a) the adoption of any law, treaty, rule or regulation after the date of this Agreement, (b) any change in any law, treaty, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by the Lender with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives

thereunder or issued in connection therewith shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Charges” shall have the meaning assigned to such term in Section 8.14.

“Closing Date” means the date on which the conditions specified in Section 4.01 of this Agreement were satisfied (or waived in accordance with Section 8.02 of this Agreement).

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Collateral Agency Agreement” means that certain Collateral Agency, Intercreditor and Accounts Agreement, dated as of February 1, 2020, by and among Jefferson 2020 Bond Lessee, the Borrower, Deutsche Bank National Trust Company, in its capacity as the trustee, collateral agent and Account Bank (as defined therein) and each other Secured Party (as defined therein) from time to time party thereto.

“Commitment” means the commitment, if any, of the Lender to make Loans, expressed as an amount representing the maximum possible aggregate amount of the Lender’s Credit Exposure hereunder, as such commitment may be (a) reduced or increased from time to time pursuant to Section 2.05 and (b) reduced or increased from time to time pursuant to assignments by or to the Lender pursuant to Section 8.04 of this Agreement. The initial aggregate amount of the Lender’s Commitment is \$221,002,238.76.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Control” means, with respect to any Person, the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by contract or otherwise.

“Credit Exposure” means, at any time, the sum of the aggregate amount of the Lender’s outstanding Loans at such time.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

“Default” means any event or condition, which constitutes an Event of Default or, which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Default Rate” has the meaning set forth in Section 2.08(c).

“Dollars” or “\$” refers to lawful money of the United States of America.

“Environmental Laws” means any federal, state or local statute, ordinance, rule or regulation, any judicial or administrative order (whether or not on consent), request or judgment, or any other binding determination of any Governmental Authority relating to protection of the environment or health or safety relating to the release of or exposure to hazardous or toxic substances, materials or wastes. Environmental Laws include, without limitation, regulations and requirements imposed pursuant to the Clean Air Act, 42 U.S.C. Section 7401, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq., the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., and any and all state law or local law counterparts, all as amended.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, costs of compliance, penalties or indemnities), of the Borrower directly or indirectly resulting from or based upon (a) any actual or alleged violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other legally enforceable consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest (other than, prior to such conversion, Indebtedness that is convertible into any such equity interests).

“Event of Default” has the meaning assigned to such term in Article VII.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated by the SEC thereunder.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to the Lender or required to be withheld or deducted from a payment to the Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of the Lender being organized under the laws of, or having its principal office in the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of a Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which such Lender becomes a party to this Agreement, except to the extent that, pursuant to Section 2.10, amounts with respect to such Taxes were payable to such Lender’s assignor immediately before such Lender became a party hereto, (c) Taxes attributable to the Lender’s failure to comply with Section 2.10(d) and (d) any withholding Taxes imposed pursuant to FATCA.

“FATCA” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not

materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, as of the date of this agreement (or any amended or successor versions that are each substantively comparable and not materially more onerous to comply with) and any intergovernmental agreements in respect thereof (and any legislation, regulations or other official guidance pursuant to, or in respect of, such intergovernmental agreements).

“Financial Officer” means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower.

“Foreign Lender” means a Lender that is not a U.S. Person.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States of America.

“Governmental Authority” means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Hazardous Materials” means any material, substance or waste that is listed, defined, designated or classified as, or otherwise determined to be, hazardous, radioactive or toxic or a pollutant or a contaminant under or pursuant to or for which liability may be imposed under any Environmental Law, including any mixture or solution thereof, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor, asbestos or asbestos-containing materials and polychlorinated biphenyls.

“Indebtedness” means with respect to any Person: (a) indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, other than: (1) accounts payable and trade payables arising in the ordinary course of business (other than those addressed in clauses (2) through (4) of this clause (c)) which are payable in accordance with customary practices, provided that such accounts payable and trade payables (x) are not evidenced by a note, (y) are payable within ninety (90) days of the date of incurrence and are not more than ninety (90) days past due unless being contested in good faith and (z) do not exceed 4% of the sum of the original principal amount of the Series 2020 Bonds plus the principal amount of other Permitted Additional Senior Indebtedness (as defined in the Senior Loan Agreement) and Additional Parity Bonds (as defined in the Indenture) at any one time outstanding, (2) accrued expenses arising in the ordinary course of business and not recorded as either “short term indebtedness” or “long term indebtedness” on the balance sheet of

the Borrower in accordance with GAAP, (3) any payments pursuant to any construction contracts that are not more than ninety (90) days past due unless being contested in good faith or to the extent such payments represent “retainage,” “holdback” or similar payments, and (4) payments due under any management contract pursuant to which a management company provides employees to provide services for Jefferson, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, (e) any Capitalized Lease Obligation, (f) all obligations, contingent or otherwise, of such Person under bankers acceptances issued or created for the account of such Person, (g) all unconditional obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any capital stock or other equity interests of such Person or any warrants, rights or options to acquire such capital stock or other equity interests, (h) all net obligations of such Person pursuant to Permitted Swap Agreements (as defined in the Collateral Agency Agreement), (i) all guarantee obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (h) above, and (j) all Indebtedness of the type referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien on property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

“Indemnified Taxes” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under this Agreement and (b) to the extent not otherwise described in clause (a), Other Taxes.

“Indemnitee” has the meaning set forth in Section 8.03(b).

“Indenture” means that certain Indenture, dated as of February 1, 2020, between the Port of Beaumont Navigation District of Jefferson County, Texas, as the Issue (as defined therein), and the Trustee, and any amendment or supplement thereto permitted thereby.

“Interest Payment Date” means the first day of each July and January.

“Interest Rate” means 7.000%.

“Jefferson” means the Jefferson 2020 Bond Lessee LLC, a Delaware limited liability company, together with the Borrower.

“Laws” means any federal, state, local and municipal laws, rules and regulations, orders, codes, directives, permits, approvals, decisions, decrees, ordinances or by-laws having the force of law and any common or civil law, including binding court and judicial decisions having the force of law, and includes any amendment, extension or re-enactment of any of the same in force from time to time and all other instruments, orders and regulations made pursuant to statute.

“Lender” has the meaning set forth in the preamble.

“Lien” means, with respect to any asset, any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset (or any capital lease having substantially the same economic effect as any of the foregoing).

“Loans” means the loans made by the Lender to the Borrower pursuant to this Agreement.

“Material Adverse Effect” means a material adverse effect on (a) the business, assets, property or financial condition of Jefferson taken as a whole or (b) the validity or enforceability of this Agreement, or the rights and remedies of the Lender thereunder.

“Maturity Date” means January 1, 2025.

“Maximum Rate” has the meaning assigned to such term in Section 8.14.

“Obligations” means all indebtedness (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and other monetary obligations of the Borrower to the Lender existing on the Closing Date or arising thereafter (direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured) arising or incurred under this Agreement (including under any of the Loans made or reimbursement or other monetary obligations incurred or other instruments at any time evidencing any thereof), in each case whether now existing or hereafter arising, whether all such obligations arise or accrue before or after the commencement of any bankruptcy, insolvency or receivership proceedings (and whether or not such claims, interest, costs, expenses or fees are allowed or allowable in any such proceeding).

“Other Connection Taxes” means, with respect to a Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement, or sold or assigned an interest in any Commitment or this Agreement).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Permitted Holders” means the collective reference to the Fortress Entities (as defined in the Senior Loan Agreement) and their Affiliates. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control with respect to which the Majority Holders

(as defined in the Indenture) have consented in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“Permitted Subordinated Debt” has the meaning set forth in the Senior Loan Agreement.

“Pipelines Projects” has the meaning set forth in the Senior Loan Agreement.

“Property” means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including Equity Interests.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the directors, officers, managers, employees, agents, trustees and administrators of such Person and of such Person’s Affiliates.

“Release” means any new or historical spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, migrating, abandoning or discarding.

“Responsible Officer” means (a) the chief executive officer, executive director, president, vice president, chief financial officer, treasurer, assistant treasurer or controller of the Borrower, and (b) solely for purposes of notices given pursuant to Article II, any other officer or employee of the Borrower so designated by any of the foregoing officers in a notice to the Lender or any other officer or employee of the Borrower designated in or pursuant to an agreement between the Borrower and the Lender. Any document delivered hereunder that is signed by a Responsible Officer of the Borrower shall be conclusively presumed to have been authorized by all necessary corporate and/or other action on the part of the Borrower and such Responsible Officer shall be conclusively presumed to have acted on behalf of the Borrower.

“SEC” means the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority succeeding to any of its principal functions.

“Senior Default” has the meaning set forth in Section 9.03.

“Senior Loan Agreement” means that Senior Loan Agreement, dated as of February 1, 2020, between the Port of Beaumont Navigation District of Jefferson County, Texas, as Issuer (as defined therein), and the Borrower, as the borrower.

“Series 2012 Bonds” means \$39,550,000 principal amount of Jefferson County Industrial Development Corporation Hurricane Ike Disaster Area Revenue Bonds (Port of Beaumont Petroleum Transload Terminal, LLC Project).

“Series 2020A Bonds” means \$184,920,000 aggregate principal amount of Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds, Series 2020A (Jefferson Gulf Coast Energy Project), and any Series 2020A Bond or Series 2020A Bonds issued in exchange or replacement therefor.

“Series 2020 Bonds” means, collectively, the Series 2020A Bonds and the Taxable Series 2020B Bonds.

“subsidiary” means, with respect to any Person (the “parent”) at any date, any corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the ordinary voting power for the election of directors or other governing body are at the time beneficially owned, directly or indirectly, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

“Taxable Series 2020B Bonds” means the \$79,060,000 aggregate principal amount of Port of Beaumont Navigation District of Jefferson County, Texas Facility Revenue Bonds, Taxable Series 2020B (Jefferson Gulf Coast Energy Project), and any Taxable Series 2020B Bond or Taxable Series 2020B Bonds issued in exchange or replacement therefor.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Transactions” means the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans and the use of the proceeds thereof.

“Trustee” means Deutsche Bank National Trust Company, as Trustee pursuant to the Indenture.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“Voting Stock” of a Person means Equity Interests of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time Equity Interests of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

“wholly owned” means, with respect to a subsidiary of a Person, a subsidiary of such Person all of the outstanding Equity Interests of which (other than (x) director’s qualifying shares and (y) shares issued to foreign nationals to the extent required by applicable Law) are owned by such Person and/or by one or more wholly owned subsidiaries of such Person.

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise (a) 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, refinanced, restated, replaced or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections and Exhibits shall be construed to refer to Articles and Sections of, and Exhibits to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.03 Accounting Terms. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with the Borrower's accounting principles, as in effect from time to time.

SECTION 1.04 Payments on Business Days. When the payment of any Obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be.

SECTION 1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

ARTICLE II

The Credits

SECTION 2.01 Commitment. Subject to the terms and conditions set forth herein, the Lender agrees to make Loans to the Borrower in Dollars from time to time during the Availability Period in an aggregate principal amount that will not result in the total Credit Exposures exceeding the total Commitment. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

SECTION 2.02 Loans and Borrowings. Each Loan shall be made by the Lender as part of a Borrowing.

SECTION 2.03 Requests for Borrowings. To request a Borrowing, the Borrower shall notify the Lender of such request by (A) telephone or (B) a written Borrowing Request in a form attached hereto as Exhibit C or such other form as may be approved by the Lender (including any form on an electronic platform or electronic transmission system as shall be approved by the Lender), appropriately completed and signed by a Responsible Officer of the Borrower. Each such Borrowing Request must be received by the Lender not later than 12:00 p.m. (Noon), or such later time acceptable to the Lender, on the requested date of any Borrowing. Each Borrowing Request shall specify the following information:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day at least one Business Day after the day of delivery of the applicable request; and

(iii) the location and number of the Borrower's account to which funds are to be disbursed, in accordance with the Collateral Agency Agreement.

SECTION 2.04 Funding of Borrowings. The Lender will make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 2:00 p.m., New York City time, or such other time as may be agreed between the Borrower and the Lender, to an account designated by the Borrower in the applicable Borrowing Request in accordance with the Collateral Agency Agreement.

SECTION 2.05 Termination, Reduction or Increase of Commitment.

(a) Unless previously terminated, the Commitment shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitment; provided that the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.07, the total Credit Exposures would exceed the total Commitment.

(c) In the event any Pipelines Project is terminated, reduced or abandoned, the Borrower shall reduce the aggregate Commitment by an amount equal to the canceled costs of such project so that, after such reduction, the aggregate Commitment reflects the remaining projected costs of any such terminated, reduced or abandoned Pipelines Project; provided the Borrower shall not be permitted to further reduce the Commitment except by such amount.

(d) The Borrower shall notify the Lender by telephone (confirmed by email in accordance with Section 8.01(b)) of any elected or required termination or reduction the Commitment under paragraph (b) of this Section not later than 12:00 p.m. (Noon), or such later time acceptable to the Lender, one (1) Business Day prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or instruments of Indebtedness or the occurrence of any other specified event, in which case such notice may be revoked by the Borrower (by notice to the Lender on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

(e) The Borrower and the Lender may at any time and from time to time, by written agreement executed by the Borrower and the Lender, cause the Commitment of the Lender to be increased in an amount equal to (i) an amount mutually agreed upon between Jefferson and Lender in respect of additional contingency costs for the Project and/or (ii) an amount requested by Jefferson from time to time to the extent necessary to satisfy the Repair and Replacement Account Requirement (as defined in the Collateral Agency Agreement) and the Project Operating Reserve Requirement (as defined in the Collateral Agency Agreement). Increases in Commitment shall become effective on the date specified in the agreement delivered pursuant to this paragraph, provided that (A) on the effective date of such increase, the representations and warranties of the Borrower set forth in this Agreement shall be true and correct in all material respects (except to the extent that any representation and warranty that is

qualified by materiality or material adverse effect shall be true and correct in all respects) on and as of such effective date, except where any representation and warranty is expressly made as of a specific earlier date, such representation and warranty shall be true in all material respects (or if qualified by materiality or material adverse effect) as of any such earlier date and (B) on the effective date of such increase, no Default shall have occurred and be continuing.

SECTION 2.06 Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Lender the then unpaid principal amount of each Loan made to the Borrower on the Maturity Date, plus any accrued but unpaid interest.

(b) The Lender shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to the Lender hereunder and (iii) the amount of any sum received by the Lender hereunder.

(c) The entries made in the accounts maintained pursuant to paragraph (b) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein absent manifest error; provided that the failure of the Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(d) The Lender may request that Loans made by it be evidenced by promissory notes. In such event, the Borrower shall prepare, execute and deliver to the Lender promissory notes payable to the Lender and its registered assigns and in a form approved by the Lender. Thereafter, the Loans evidenced by such promissory notes and interest thereon shall at all times (including after assignment pursuant to Section 8.04 of this Agreement) be represented by one or more promissory notes in such form payable to the payee named therein and its registered assigns.

SECTION 2.07 Prepayment of Loans.

(a) Optional Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty.

(b) Mandatory Prepayment. If the Lender notifies the Borrower at any time that the Credit Exposure at such time exceeds the Commitment then in effect, then, within two Business Days after receipt of such notice, the Borrower shall prepay Loans in an aggregate amount sufficient to reduce such Credit Exposure as of such date of payment to an amount not to exceed 100% of the Commitment then in effect.

SECTION 2.08 Interest.

(a) The Loans comprising each Borrowing shall bear interest at the Interest Rate.

(b) The Borrower will, on the then applicable Interest Date, pay the accrued and unpaid interest on such Loan by increasing the aggregate principal amount of such Loan by

such amount of accrued and unpaid interest on such Loan having accrued at a rate equal to the Interest Rate (the “PIK Amount”), which shall then be capitalized, added to and deemed part of such Loan on the applicable Interest Payment Date; thereafter, the principal amount of such Loan shall be treated as having been increased by the amount of such PIK Amount paid “in-kind”. Following any increase in the aggregate principal amount of any Loan in accordance with this Section 2.08(b), such Loan shall bear interest on such increased principal amount from and after the applicable Interest Payment Date.

(c) Notwithstanding the foregoing, at any time (x) an Event of Default has occurred and is continuing under clauses (h) or (i) of Article VII or (y) if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, then such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to 2% plus the rate otherwise applicable to such Loan as provided in paragraph (a) of this Section (the “Default Rate”).

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitment; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(e) All interest hereunder shall be computed on the basis of a year of 360 days.

SECTION 2.09 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Lender; or

(ii) subject any Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto;

and the result of any of the foregoing shall be to increase the cost to the Lender of making or maintaining its obligation to make any such Loan or to increase the cost to the Lender or to reduce the amount of any sum received or receivable by the Lender or, whether of principal, interest or otherwise, in each case by an amount deemed by such the Lender to be material in the context of its making of, and participation in, extensions of credit under this Agreement, then, upon the request of the Lender, the Borrower will pay to the Lender such additional amount or amounts, in each case paid “in-kind”, as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) A certificate of the Lender setting forth in reasonable detail the amount or amounts necessary to compensate the Lender as specified in paragraph (a) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within ten (10) days (or such later date as may be agreed by the Lender) after receipt thereof.

(c) Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs or reductions incurred more than 135 days prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 135-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.10 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes. Any and all payments by or on account of any obligation of the Borrower under this Agreement shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If the Borrower shall be required by any applicable Laws (as determined in good faith by the Borrower) to withhold or deduct any Taxes from any payment, then (A) the Borrower, as required by such Laws, shall withhold or make such deductions as are determined by it to be required, (B) the Borrower, to the extent required by such Laws, shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 2.10) the Lenders receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

(c) Tax Indemnifications.

(i) The Borrower shall indemnify the Lenders, and shall make payments in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.10) payable or paid by any Lender or required to be withheld or deducted from a payment to the Lenders, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or on behalf of a Lender shall be conclusive absent manifest error.

(ii) The Lenders shall indemnify the Borrower, and shall make payments in respect thereof within 10 days after demand therefor, for the full amount of any Excluded Taxes attributable to the Lenders that are payable or paid by the Borrower in connection with this Agreement, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower shall be conclusive absent manifest error. The Lenders hereby authorizes the Borrower to set off and apply any and all amounts at any time owing to the Lender under this Agreement against any amount due to the Borrower under this clause (ii).

(d) Status of the Lender; Tax Documentation.

(i) If the Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under this Agreement, it shall deliver to the Borrower, at the time or times reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law or the taxing authorities of a jurisdiction pursuant to such applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower as will enable the Borrower to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation either (A) set forth in Section 2.10(e)(ii)(A), (ii)(B) and (ii)(D) below or (B) required by applicable Law other than the Code or the taxing authorities of the jurisdiction pursuant to such applicable law to comply with the requirements for exemption or reduction of withholding tax in that jurisdiction) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower (in such number of copies as shall be requested by the Borrower) on or prior to the date of this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), whichever of the following is applicable:

(I) if a Foreign Lender claims the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under this Agreement, executed originals of IRS Form W-8BEN or W-BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under this Agreement, IRS Form W-8BEN or W-8BEN-E (or successor form) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(II) executed originals of IRS Form W-8ECI;

(III) if a Foreign Lender claims the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that the Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower or any Affiliate within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “United States Tax Compliance Certificate”) and (y) executed originals of IRS Form W-8BEN or W-BEN-E (or successor form); or

(IV) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E (or successor form), a United States Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a United States Tax Compliance Certificate on behalf of each such direct and indirect partner

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower (in such number of copies as shall be requested by the Borrower) on or prior to the date of this Agreement (and from time to time thereafter upon the reasonable request of the Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made; and

(D) if a payment made to any Lender under this Agreement would be subject to U.S. federal withholding Tax imposed by FATCA if such

Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with its obligations under FATCA and to determine that such Lender has complied with its obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) the Lender agrees that if any form or certification it previously delivered pursuant to this Section 2.10(d) expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(e) Treatment of Certain Refunds. If any Lender determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.10, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 2.10 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Lender, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrower, upon the request of such Lender, agrees to repay to such Lender the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event the such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will any Lender be required to pay any amount to the Borrower pursuant to this subsection the payment of which would place such Lender in a less favorable net after-Tax position than such Lender would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

(f) Each party's obligations under this Section 2.10 shall survive any assignment of rights by, or the replacement of, the Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

SECTION 2.11 Payments Generally.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, or fees or of amounts payable under Section 2.09 or 2.10, or otherwise) without condition or deduction for any counterclaim, defense, recoupment or setoff prior to 2:00 p.m., New York City time, or such other time as may be agreed between the Borrower and the Lender, on the date when due, in immediately available funds. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made (i) in Dollars and (ii) to the Lender, except that payments pursuant to Sections 2.09, 2.10 and 8.03 shall be made directly to the Persons entitled thereto. The Lender shall distribute any such payments denominated in the same currency received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension.

(b) If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder and (ii) second, towards payment of principal then due hereunder.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lender as of the Closing Date and (except as to representations and warranties made as of a certain date) as of the date such representations and warranties are deemed to be made under Section 2.05(d) or Section 4.02 of this Agreement, that:

SECTION 3.01 Organization; Powers. The Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing (to the extent such concept is applicable) in, every jurisdiction where such qualification is required.

SECTION 3.02 Authorization; Enforceability. The Transactions are within the Borrower's limited liability company powers and have been duly authorized by all necessary organizational action. The Agreement has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Debtor Relief Laws and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03 Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except for (A) the approvals, consents, registrations, actions and filings

which have been duly obtained, taken, given or made and are in full force and effect and (B) those approvals, consents, registrations or other actions or filings, the failure of which to obtain or make could not reasonably be expected to have a Material Adverse Effect, (b) will not violate (i) any applicable law or regulation or order of any Governmental Authority or (ii) the organizational documents of the Borrower, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or its assets, or give rise to a right thereunder to require any payment to be made by the Borrower, and (d) will not result in the creation or imposition of any Lien on any material asset of the Borrower (other than Liens permitted pursuant to this Agreement); except with respect to any violation or default referred to in clause (b)(i) or (c) above, to the extent that such violation or default could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.04 Compliance with Laws and Agreements. The Borrower is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all agreements and other instruments (excluding agreements governing Indebtedness) binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.05 Taxes. The Borrower has filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes (including any Taxes in the capacity of a withholding agent) required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower has set aside on its books reserves to the extent required by GAAP or (b) to the extent that the failure to do so could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

ARTICLE IV

Conditions

SECTION 4.01 Initial Credit Event. The obligations of the Lender to make Loans are subject to, on or prior to the Closing Date, the Lender receiving from the Borrower (A) a counterpart of this Agreement signed on behalf of the Borrower or (B) written evidence satisfactory to the Lender (which may include electronic mail transmission in accordance with Section 8.01) that the Borrower has signed a counterpart of this Agreement.

SECTION 4.02 Each Credit Event. The obligation of the Lender to make a Loan on the occasion of any Borrowing, on or after the Closing Date, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement shall be true and correct in all material respects (except to the extent that any representation and warranty that is qualified by materiality or material adverse effect shall be true and correct in all respects) on and as of the date of such Borrowing, except where any representation and warranty is expressly made as of a specific earlier date, such representation and warranty shall be true in all material respects as of any such earlier date (except to the extent that any representation and warranty that was qualified by materiality or material adverse effect).

(b) At the time of and immediately after giving effect to such Borrowing no Default shall have occurred and be continuing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section 4.02.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full, the Borrower covenants and agrees with the Lender that:

SECTION 5.01 Information. The Borrower will furnish to the Lender promptly following any request therefor, such information regarding the operations, business affairs and financial condition of the Borrower, or compliance with the terms of this Agreement, as the Lender may reasonably request.

SECTION 5.02 Notices of Material Events. The Borrower will furnish to the Lender prompt (but in any event within five (5) Business Days) written notice after any Financial Officer of the Borrower obtains knowledge of the occurrence of any continuing Default.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03 Existence; Conduct of Business. The Borrower will do or cause to be done all things necessary to preserve, renew and keep in full force and effect (i) its legal existence, and (ii) the rights, licenses, permits, privileges and franchises material to the conduct of its business, except, in the case of the preceding clause (ii), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect; provided that the foregoing shall not prohibit any transaction that is not otherwise prohibited under Section 6.01.

SECTION 5.04 Payment of Obligations. The Borrower will pay its obligations (other than Indebtedness), including Tax liabilities, before the same shall become delinquent or in default, except where (a) (i) the validity or amount thereof is being contested in good faith by appropriate proceedings and (ii) the Borrower has set aside on its books reserves with respect thereto to the extent required by GAAP or (b) the failure to make payment could not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

SECTION 5.05 Compliance with Laws. The Borrower will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including Environmental Laws), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.06 Use of Proceeds. The proceeds of Loans will be used to fund or reimburse costs of the Pipelines Projects, to fund certain reserve accounts, to defease the Series 2012 Bonds and as may be otherwise agreed by Jefferson and the Lender.

ARTICLE VI

Negative Covenants

From the Closing Date until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full, the Borrower covenants and agrees with the Lender that:

SECTION 6.01 Fundamental Changes, Indebtedness, Investments, Negative Pledges and Distributions. The Borrower covenants and agrees to comply with Sections 6.16 (Limitation on Fundamental Changes; Sale of Assets, Etc.), 6.17 (Limitation on Indebtedness), 6.18 (Permitted Investments), 6.21 (Negative Pledge) and 6.26 (No Distributions) of the Senior Loan Agreement.

ARTICLE VII

Events of Default

If any of the following events (each an "Event of Default") shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of the Borrower in or in connection with this Agreement or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document required to be delivered in connection with this Agreement or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Article VI;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of thirty (30) days after written notice thereof from the Lender to the Borrower;

(f) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed or unstayed for ninety (90) days or an order or decree approving or ordering any of the foregoing shall be entered;

(g) the Borrower shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of any proceeding or petition described in clause (f) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding or (v) make a general assignment for the benefit of creditors;

(h) the Borrower shall become generally unable, admit in writing its inability generally or fail generally to pay its debts as they become due;

(i) one or more final, non-appealable judgments for the payment of money in an aggregate amount in excess of \$30,000,000 (to the extent due and payable and not covered by insurance as to which the relevant insurance company has not denied coverage) shall be rendered against the Borrower and the same shall remain unpaid or undischarged for a period of thirty (30) consecutive days during which execution shall not be paid, bonded or effectively stayed; or

(j) a Change in Control shall occur;

then, and in every such event (other than an event with respect to the Borrower described in clause (f) or (g) of this Article), and at any time thereafter during the continuance of such event, the Lender may by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower; and in case of any event with respect to the Borrower described in clause (f) or (g) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the Agreement, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

ARTICLE VIII

Miscellaneous

SECTION 8.01 Notices.

(a) Notices Generally. Except as provided in subsection (b) below, 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 email. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other

communications sent by email 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). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lender hereunder may be delivered or furnished by electronic communication (including e-mail, Internet or intranet websites) pursuant to procedures approved by the Lender, provided that the foregoing shall not apply to notices to the Lender pursuant to Article II if such Lender has notified the Borrower that it is incapable of receiving notices under such Article by electronic communication. The Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Change of Address, Etc. Each of the Borrower and the Lender may change its address, email or telephone number for notices and other communications hereunder by notice to the other parties hereto.

SECTION 8.02 Waivers; Amendments. No failure or delay by the Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that it would otherwise have. A waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of such Default at the time.

SECTION 8.03 Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay all reasonable and documented out-of-pocket expenses incurred by the Lender, including the reasonable and documented fees, charges and

disbursements of a single counsel for the Lender (and, if necessary, one local counsel in each applicable jurisdiction and regulatory counsel), in connection with (i) the preparation and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or (iii) the Loans made hereunder, including all such reasonable and documented out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Lender, and each Related Party of the Lender (each such Person (including the Lender and Jefferson and any of their respective officers, directors, employees and Affiliates, excluding FTAI Energy Partners LLC and its Affiliates) being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable and documented out-of-pocket expenses, including the reasonable and documented fees, charges and disbursements of a single counsel for the Indemnitees (and, if necessary, one local counsel in each applicable jurisdiction and one additional counsel for each Indemnitee in the event of a conflict of interest), incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or the use of the proceeds therefrom, (iii) to the extent relating to or arising from any of the foregoing, any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower, or any Environmental Liability related in any way to the Borrower, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto and whether brought by the Borrower, its equityholders or any third party; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (A) the bad faith, gross negligence or willful misconduct of such Indemnitee or any of its officers, directors, employees, Affiliates (such persons, the “Related Indemnitee Parties”), (B) the material breach of this Agreement by such Indemnitee or any of its Related Indemnitee Parties or (C) any dispute solely among Indemnitees and not arising out of any act or omission of the Borrower or any of its Affiliates. In addition, such indemnity shall not, as to any Indemnitee, be available with respect to any settlements effected without the Borrower’s prior written consent. Paragraph (b) of this Section shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) To the extent permitted by applicable Laws, no party hereto shall assert, and each party hereto hereby waives, any claim against any other party hereto and any Indemnitee on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or the use of the proceeds thereof; provided, that this clause (c) shall in no way limit

the Borrower's indemnification obligations set forth in this Section 8.03. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the Transactions, except to the extent that such damages are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(d) All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor; provided, however, that an Indemnitee shall promptly refund any amount received under this Section 8.03 to the extent that there is a final judicial or arbitral determination that such Indemnitee was not entitled to indemnification rights with respect to such payment pursuant to the express terms of this Section 8.03.

SECTION 8.04 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender and the Lender may not assign or otherwise transfer any of its rights or obligations hereunder except without the prior written consent of the Borrower (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

SECTION 8.05 Register. The Borrower will maintain, in electronic format or otherwise, at its principal place of business, a register of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans owing to each Lender (the "Register"), and will update the Register to reflect any permitted assignments or transfers subsequent to the date hereof. The Borrower will make payments of principal and interest as specified hereunder to the Lender(s) named as such in the Register. The Lender(s) shall notify the Borrower in writing prior to any assignment, transfer or other disposition of all or a portion of its rights or obligation under this Agreement (including all or a portion of its Loans Commitments and the Loans at the time owing to it), with such written notice to be delivered to the Borrower not later than one Business Day prior to any such assignment, transfer or disposition and which notice shall specify the principal amount hereunder that is the subject of such assignment, transfer or disposition. Any assignment, transfer or other disposition of any rights or obligations under this Agreement (or any portion thereof) shall be effective only upon appropriate entries with respect thereto being made in the Register, which shall be made promptly upon receipt of such written notice. Notwithstanding anything to the contrary herein, the entries in the Register shall be conclusive, absent manifest error; the Borrower and each holder shall treat the person whose name is recorded in the Register as the owner of its portion of the Loan or Commitment for all purposes of this Agreement, notwithstanding notice to the contrary; and the registered owner of the rights or obligation under this Agreement (or any

portion hereof) as indicated on the Register shall be the party with the exclusive right to receive payment of any principal amount and accrued and unpaid interest thereon under this Agreement. The Register shall be available for inspection by any holder, at any reasonable time and from time to time upon reasonable prior notice. This provision is intended to constitute a “book entry system” within the meaning of Treasury Regulations Section 5f.103-1(c)(1)(ii) and shall be interpreted consistently with such intent.

SECTION 8.06 Survival. All representations and warranties made hereunder and in any other document delivered pursuant hereto or in connection herewith shall survive the execution and delivery hereof. Such representations and warranties have been or will be relied upon by the Lender, regardless of any investigation made by the Lender or on their behalf and notwithstanding that the Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied. The provisions of Sections 2.09, 2.10 and 8.03 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 8.07 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by fax or .pdf shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.08 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.09 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the Obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of the Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 8.10 Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of New York (without regard to the conflict of law

principles thereof to the extent that the application of the laws of another jurisdiction would be required thereby).

SECTION 8.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON 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 AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 8.12 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.13 Interest Rate Limitation. Notwithstanding anything to the contrary contained in this Agreement, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable Law (collectively the “Charges”), shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable Law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to the Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 8.14 Electronic Execution of Assignments and Certain Other Documents. The words “execute,” “execution,” “signed,” “signature,” and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby (including Assignment and Assumptions, amendments or other modifications, Borrowing Requests, waivers and consents) shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Lender, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that notwithstanding anything contained herein to the contrary the Lender is under no obligation to agree to accept

electronic signatures in any form or in any format unless expressly agreed to by the Lender pursuant to procedures approved by it.

ARTICLE IX

SECTION 9.01 General. Notwithstanding any provision of this Agreement to the contrary, the Borrower and the Lender, for itself and for all present and future holders of the Loans, hereby covenant and agree that the Loans shall be and is hereby expressly made subordinate and junior in right of payment to the prior payment (in cash or cash equivalents) and performance in full of all Bonds to the extent and in the manner provided below. The Loans hereunder shall constitute “Permitted Subordinated Debt” under the Senior Loan Agreement.

SECTION 9.02 Waiver. The Lender (or any instrument evidencing the same) by acceptance hereof waives any and all notice of the creation or accrual of any such Bonds and notice of proof of reliance upon these subordination provisions by any holder of Bonds and hereby assents to any renewal, extension or postponement of the time of payment of Bonds or any other indulgence with respect thereto, to any increase in the amount of Bonds, and to any substitution, exchange or release of collateral therefor; and any such Bonds shall conclusively be deemed to have been created, contracted or incurred in reliance upon these subordination provisions and all dealings between the Borrower and any holder of Bonds so arising shall be deemed to have been consummated in reliance upon these subordination provisions.

SECTION 9.03 Effects of Certain Defaults in Respect of Bonds. If Jefferson shall default in the payment of any principal of or interest on or other amount with respect to the Bonds when the same becomes due and payable whether at maturity or at a date fixed for redemption or by declaration or otherwise (a “Senior Default”), and unless and until such Senior Default shall have been remedied or waived or shall have ceased to exist, no direct or indirect payment by the Borrower from any source whatsoever shall be made on account of the principal of, or premium, if any, or interest on or other amount with respect to, the Loans.

SECTION 9.04 Limitation on Payments and Demand for Payments. For so long as any Bonds are outstanding, (i) the Borrower shall not, directly or indirectly, make, or permit any of its Affiliates to make, any payment of principal or interest on account of the Loans, except for payments made in accordance with Section 2.08(b) hereof and clauses Eleventh and Twelfth of Section 5.02(b) of the Collateral Agency Agreement, and (ii) the Lender shall not demand, sue for, retain, or accept from the Borrower or any other Person any payment of principal or interest on account of such Loans, except for payments made in accordance with clauses Eleventh and Twelfth of Section 5.02(b) of the Collateral Agency Agreement.

SECTION 9.05 Limitation on Acceleration. For so long as any Bonds are outstanding, the Loans may not be declared to be due and payable before its stated maturity unless all Bonds have become due and payable, at maturity or at a date fixed for redemption or by declaration or otherwise and, in the case of any such declaration, such declaration has not been rescinded.

SECTION 9.06 Insolvency, Etc. (a) In the event of any liquidation, reorganization, dissolution, winding up or composition or readjustment of Jefferson or its interests (whether voluntary or involuntary, or in bankruptcy, insolvency, reorganization, liquidation, receivership proceedings, or upon a general assignment for the benefit of Jefferson’s creditors or any other marshalling of the assets and liabilities of Jefferson, or otherwise), all Bonds (including any claim for interest thereon accruing at the contract rate after the commencement of any such proceedings and any claim for additional interest that would have

accrued thereon but for the commencement of such proceedings, whether or not, in either case, such claim shall be enforceable in such proceedings) shall first be paid in full in cash or cash equivalents before any direct or indirect payment or distribution, whether in cash or cash equivalents, securities or other property, is made in respect of the Loans, and any cash, securities or other property which would otherwise (but for these subordination provisions) be payable or deliverable in respect of the Loans directly or indirectly by Jefferson from any source whatsoever shall be paid or delivered directly to the holders of Bonds in accordance until all Bonds (including claims for interest and additional interest as aforesaid) shall have been paid in full in cash or cash equivalents.

(b) The Lender shall not commence or join with any other creditor or creditors of Jefferson in commencing any bankruptcy, insolvency, reorganization, liquidation, receivership proceedings against Jefferson. At any general meeting of creditors of Jefferson in the event of any liquidation, reorganization, dissolution, winding up or composition or readjustment of Jefferson or its interests (whether voluntary or involuntary, or in bankruptcy, insolvency, reorganization, liquidation, receivership proceedings, or upon a general assignment for the benefit of Jefferson's creditors or any other marshalling of the assets and liabilities of Jefferson, or otherwise), if all Bonds have not been paid in full at such time, the Trustee (or any authorized agent thereof) is hereby authorized at any such meeting or in any such proceeding:

(i) to enforce claims comprising Permitted Subordinated Debt in the name of the holder of such Permitted Subordinated Debt, by proof of debt, proof of claim, suit or otherwise;

(ii) to collect any assets of Jefferson distributed, divided or applied by way of dividend or payment, or such securities issued, on account of Permitted Subordinated Debt, and apply the same, or the proceeds of any realization upon the same that the Trustee elects to effect pursuant to the Indenture or the other Financing Documents (as defined in the Senior Loan Agreement), to the Bonds until all Bonds shall have been paid in full;

(iii) to vote claims comprising Permitted Subordinated Debt to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension; and

(iv) to take generally any action in connection with any such meeting or proceeding which the holder of Permitted Subordinated Debt might otherwise take.

(c) The Borrower and Lender each hereby (i) authorizes and empowers the Trustee, under the circumstances set forth in the above paragraph, to demand, sue for, collect and receive every such payment or distribution referred to in such paragraph and give acquittance therefor, and execute, verify, deliver and file any claims or proofs of claim, consents, assignments or other instruments which any holder of the Bonds may at any time reasonably require in order to provide and realize upon any rights or claims pertaining to the Loans in any statutory or non-statutory proceeding, vote any such claims in any such proceeding and take such other actions, on behalf of the holders of the Bonds or otherwise, as the Trustee may deem necessary or advisable for the enforcement of the subordination provisions hereto and (ii)

appoints any Person designated for such purpose by the Trustee as its attorney-in-fact for all such purposes.

SECTION 9.07 Turnover of Payments. If (i) any payment or distribution shall be collected or received by the Lender in contravention of the terms hereof and prior to the payment in full in cash or cash equivalents of all Bonds at the time outstanding and (ii) any holder of such Bonds (or any authorized agent thereof) shall have notified the Lender of the facts by reason of which such collection or receipt so contravenes the subordination provisions hereto, the Lender will deliver such payment or distribution, to the extent necessary to pay all such Bonds in full in cash or cash equivalents, to the Trustee, for the benefit of the holders of the Bonds, in the form received, and until so delivered, the same shall be held by the Lender in trust for the holders of the Bonds and shall not be commingled with other funds or property of the Lender.

SECTION 9.08 No Prejudice or Impairment. No present or future holder of any Bonds shall be prejudiced in the right to enforce subordination of the Loans by any act or failure to act on the part of Jefferson. Nothing contained herein shall impair, as between the Borrower and the Lender, the obligation of the Borrower to pay to the Lender the principal hereof and premium, if any, and interest hereon as and when the same shall become due and payable in accordance with the terms hereof, or, except as expressly provided herein, prevent the Lender from exercising all rights, powers and remedies otherwise permitted by applicable law or hereunder upon the happening of an Event of Default in respect of the Loans, all subject to the rights of the holders of Bonds as provided in this Article IX to receive cash, securities or other property otherwise payable or deliverable to the Lender directly or indirectly by the Borrower from any source whatsoever.

SECTION 9.09 Payment of Bonds, Subrogation, Etc. Upon the payment in full in cash or cash equivalents of all Bonds, the Lender shall be subrogated to all rights of the holders of such Bonds to receive any further payments or distributions applicable to Bonds until the Loans shall have been paid in full in cash or cash equivalents, and, for the purposes of such subrogation, no payment or distribution received by the holders of Bonds of cash, securities, or other property to which the Lender would have been entitled except for this Article IX shall, as between the Borrower and its creditors other than the holders of Bonds, on the one hand, and the Lender, on the other hand, be deemed to be a payment or distribution by the Borrower on account of Bonds.

SECTION 9.10 Unsecured Obligations. The holder of the Loans agrees that such Loans (i) constitute unsecured obligations of the Borrower, (ii) have no right, title or interest in any of the Collateral (as defined in the Collateral Agency Agreement) of the Borrower and (iii) have subordinated lien priority to any secured indebtedness incurred by the Borrower.

SECTION 9.11 Amendment. Neither the Lender nor the Borrower shall amend the term of this Agreement in a manner that, in its good faith judgment, would reasonably be expected to be material and adverse to the holders of the Bonds or any Permitted Additional Senior Indebtedness (as defined in the Senior Loan Agreement).

SECTION 9.12 Miscellaneous. The foregoing subordination provisions are for the benefit of the holders of the Bonds and, so long as any Bonds are outstanding, may not be rescinded, cancelled or modified adversely to the interests of the holders of the Bonds.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

JEFFERSON 2020 BOND BORROWER LLC,
as Borrower

By: /s/ Demetrios Tserpelis
Name: Demetrios Tserpelis
Title: Authorized Signatory

FORTRESS TRANSPORTATION AND
INFRASTRUCTURE INVESTORS LLC,
acting through one or more Affiliates, as Lender

By: /s/ Scott Christopher
Name: Scott Christopher
Title: Chief Financial Officer

FORM OF BORROWING REQUEST

Date: _ _

To: FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC, as Lender

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of February 11, 2020 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the "Agreement", the terms defined therein being used herein as therein defined), among Jefferson 2020 Bond Borrower LLC, a Delaware limited liability company, and FORTRESS TRANSPORTATION AND INFRASTRUCTURE INVESTORS LLC as the Lender.

The undersigned hereby requests a Borrowing of Loans

- 1. On _____ (a Business Day)
- 2. In the amount of _____
- 3. To: _____
[Account Number]

The Borrower listed below hereby represents and warrants that the conditions specified in Sections 4.02(a) and (b) shall be satisfied on and as of the date of the applicable Borrowing.

[JEFFERSON

2020 BOND BORROWER LLC, as Borrower

By:

Name:
Title:

SENIOR LOAN AGREEMENT

BETWEEN

PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS, as Issuer

and

JEFFERSON 2020 BOND BORROWER LLC, as Borrower

Dated as of February 1, 2020

RELATING TO

\$79,060,000

**PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS
FACILITY REVENUE BONDS, TAXABLE SERIES 2020B
(JEFFERSON GULF COAST ENERGY PROJECT)**

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SENIOR LOAN AGREEMENT

THIS SENIOR LOAN AGREEMENT (as amended, supplemented or otherwise modified from time to time, this “Senior Loan Agreement” or this “Agreement”), dated as of February 1, 2020, is being entered into by and between the PORT OF BEAUMONT NAVIGATION DISTRICT OF JEFFERSON COUNTY, TEXAS, a political subdivision of the State of Texas (the “Issuer”), and JEFFERSON 2020 BOND BORROWER LLC, a Delaware limited liability company (together with its successors and permitted assigns, the “Borrower”).

WITNESSETH:

WHEREAS, the Issuer is authorized and empowered by the laws of the State of Texas (the “State”), and in particular, the Act (as defined in the Indenture), to issue revenue bonds for the purpose of financing and refinancing improvements to the port facilities of the Issuer; and

WHEREAS, the Borrower desires to pay for the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products, including certain tank and other infrastructure projects, on behalf of the Issuer (the “Taxable Series 2020B Project”); and

WHEREAS, Jefferson 2020 Bond Lessee LLC, a limited liability company organized under the laws of the State of Delaware and authorized to do business in the State (together with its successors and assigns, the “Lessee”, and the Lessee together with the Borrower, “Jefferson”) desires to pay for the development, construction and acquisition of certain facilities (the “Tax-Exempt Facilities”) for the transport, loading, unloading, and storage of petroleum products, including new tanks, marine dock and other eligible infrastructure projects on behalf of the Issuer (the “Series 2020A Project”, and together with the Taxable Series 2020B Project and other assets to be constructed and operated by or on behalf of Jefferson, including certain pipelines, the “Project”); and

WHEREAS, the Issuer has determined that the Project will serve the public purposes expressed in the Act by maintaining, developing, extending, and improving port, wharf, dock, and intermodal facilities inside or outside the boundaries of the Issuer, and that the Issuer will be acting in furtherance of the public purposes intended to be served by the Act by assisting the Borrower and the Lessee in financing and refinancing all or a portion of the costs of the Project through the issuance of its \$184,920,000 aggregate principal amount of Port of Beaumont Navigation District of Jefferson County, Texas Dock and Wharf Facility Revenue Bonds, Series 2020A (Jefferson Gulf Coast Energy Project) (the “Series 2020A Bonds”) and the Issuer’s \$79,060,000 aggregate principal amount of Port of Beaumont Navigation District of Jefferson County, Texas Facility Revenue Bonds, Taxable Series 2020B (Jefferson Gulf Coast Energy

Project) (the “Taxable Series 2020B Bonds” and, together with the Series 2020A Bonds, the “Series 2020 Bonds”); and

WHEREAS, (i) the Issuer will lend (the “Taxable Series 2020B Loan”) a portion of the proceeds thereof to the Borrower pursuant to this Agreement to finance, pay or reimburse the costs of the Taxable Series 2020B Project; and (ii) the Issuer will use a portion of the proceeds of the Taxable Series 2020B Bonds to refund a portion of the Prior 2016 Bonds, fund certain reserves, if any, and pay certain costs of issuance of the Taxable Series 2020B Bonds; and

WHEREAS, upon the issuance of the Series 2020A Bonds, (i) the Issuer will lease pursuant to an Amended and Restated Lease and Development Agreement (the “Facilities Lease”) to the Lessee the Tax-Exempt Facilities (as defined in the Facilities Lease), and the Lessee will construct or cause to be constructed the Series 2020A Project on behalf of the Issuer, the cost of which will be reimbursed by the Issuer with a portion of the proceeds of the Series 2020A Bonds, and (ii) the Issuer will use a portion of the proceeds of the Series 2020A Bonds to refund a portion of the Prior 2016 Bonds, fund certain reserves, if any, and pay certain costs of issuance of the Series 2020A Bonds; and

WHEREAS, the Borrower is entering into the Omnibus Amended and Restated Agreement and Lease, dated January 1, 2020 (the “Ground Lease”), by and among, inter alios, the Borrower, Lessee and the Issuer, pursuant to which, inter alia, the Lessee and the Borrower will lease the Project site from the Issuer; and

WHEREAS, pursuant to a Sublease, dated as of February 1, 2020, between the Lessee and the Borrower (the “Sublease”), the Lessee is subleasing the Lessor’s Property (as defined in the Sublease) to the Borrower for the Borrower’s use of the Lessor’s Property in exchange for the Borrower’s promise to pay the Facilities Lease Rent (as defined in the Facilities Lease) and any and all other charges or amounts due and owing to the Issuer under the Facilities Lease; and

WHEREAS, the Issuer has concurrently entered into the Indenture of Trust, dated as of February 1, 2020 (as it may be amended, supplemented or otherwise modified from time to time, the “Indenture”), with Deutsche Bank National Trust Company, as Trustee (the “Trustee”), to provide for the issuance of the Series 2020 Bonds; and

WHEREAS, the Collateral Agent, the Borrower, the Lessee, the Trustee and various other parties thereto have concurrently entered into the Collateral Agency Agreement; and

WHEREAS, the Borrower has concurrently entered into certain other Financing Documents related to the Project and the issuance of the Taxable Series 2020B Bonds; and

WHEREAS, the Series 2020 Bonds are special, limited obligations of the Issuer, payable solely from and secured exclusively by the Trust Estate established under the Indenture, including the payments to be made by the Borrower under this Agreement, and the Collateral, and do not constitute indebtedness of the Issuer, the State, or any other political subdivision of the State, within the meaning of any State constitutional provision or statutory limitation and shall not constitute or give rise to a pecuniary liability of the Issuer, the State, or any other political subdivision of the State, and neither the full faith and credit of the Issuer nor the full faith and credit or the taxing power of the State, or any other political subdivision of the State is pledged to the payment of the principal of or interest on the Series 2020 Bonds; and

WHEREAS, the execution and delivery of this Agreement has been duly authorized by the Bond Resolution adopted by the Issuer on October 7, 2019 (the “Bond Resolution”); and

NOW THEREFORE, in consideration of the premises and the mutual covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions.

All capitalized terms used herein (including in the preamble and recitals) but not otherwise defined herein shall have the respective meanings given to them in the Definitions Annex to the Collateral Agency Agreement, or, if not defined herein or in the Definitions Annex to the Collateral Agency Agreement, in the Indenture.

As used in this Agreement, the following capitalized terms shall have the following meanings:

“*Additional Project*” means the design, development, acquisition, construction, installation, equipping, ownership and operation of an expansion of, or improvement to, the Project or any previously completed Additional Project.

“*Asset Sale Proceeds*” has the meaning set forth in Section 5.01(c).

“*Board of Directors*” means, with respect to any Person, either the board of directors or managing members, as applicable, of such Person (or, if such Person is a partnership, the board of directors or other governing body of the general partner of such Person) or any duly authorized committee of such board.

“*Bond Obligations*” means all obligations of the Borrower under this Agreement, the obligations of the Lessee under the Facilities Lease and any Additional Parity Bonds Loan Agreements (if executed).

“*Bond Purchase Agreement*” means that certain Bond Purchase Agreement entered into among the Underwriters, the Issuer, the Borrower and the Lessee.

“*Borrower*” has the meaning specified in the preamble of this Agreement; provided that “Borrower” shall refer to a Successor Borrower upon consummation of any transaction described in Section 6.16, including with respect to any determination of whether a Change of Control has occurred.

“*Capital Project*” means a physical expansion of, or improvement to, the Project, the procurement and installation of additional equipment or facilities, or the replacement of existing equipment or facilities, in each case, that is in addition to the initial construction of the Project as contemplated by the Financing Documents, with such amendments and modifications thereto and change orders thereto permitted by the Financing Documents.

“*Capitalized Lease*” means, with respect to any Person, any lease of (or other arrangement conveying the right to use) real or personal property by such Person as lessee that is required under GAAP to be classified and accounted for as a finance lease on the balance sheet of such Person under Financial Accounting Standards Board Accounting Standards Update No. 2016-02, Leases (Topic 842).

“*Capitalized Lease Obligations*” means, with respect to any Person, obligations of such Person and its Subsidiaries under Capitalized Leases, and, for purposes hereof, the amount of any such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

“*Cash Flow Available for Debt Service*” has the meaning specified in the Collateral Agency Agreement.

“*Cash Flow Test*” has the meaning as set forth in the definition of “Permitted Additional Indebtedness”.

“*Change of Control*” means any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Closing Date), other than one or more Permitted Holders and excluding any employee benefit plan or Person acting as the trustee, agent or other fiduciary or administrator therefor, is or becomes the direct beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Closing Date) of more than 50% of the total voting power of the Voting Stock of the Borrower; provided, however, that notwithstanding the foregoing, a transaction or series of transactions will not be deemed to involve a Change of Control if (x) the Borrower becomes a direct or indirect wholly-owned subsidiary of a holding company and (y) (A) the direct or indirect beneficial owners of the Voting Stock of such holding company immediately following such transaction or transactions are substantially the same as the beneficial owners of the Voting Stock of the Borrower immediately prior to such transaction or transactions or (B) immediately following such transaction or transactions, no Person (other than a holding company satisfying the requirements of this proviso) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company, other than one or more Permitted Holders and excluding any employee benefit plan or Person acting as the trustee, agent or other fiduciary or administrator therefor. For purposes of this definition, a Person shall not be deemed to have beneficial ownership of Voting Stock subject to a stock purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement.

“*Collateral Agency Agreement*” means that certain Collateral Agency, Intercreditor and Accounts Agreement, dated as of the Closing Date, by and among the Collateral Agent, the Trustee, Deutsche Bank National Trust Company, in its capacity as Account Bank thereunder,

the Borrower, the Lessee and each other Secured Party (as defined therein) that becomes a party thereto, as it may be amended, supplemented or otherwise modified from time to time.

“*Continuing Disclosure Agreement*” means that certain Disclosure Dissemination Agent Agreement, dated as of the Closing Date, entered into between the Borrower, the Lessee and the Dissemination Agent pursuant to the Rule.

“*Dissemination Agent*” means Digital Assurance Certification, LLC.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto of similar import, together with the regulations thereunder, in each case as in effect from time to time.

“*ERISA Affiliate*” means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414 of the Code.

“*ERISA Event*” means (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Pension Plan (other than an event for which the 30-day notice period is waived); (b) the determination that any Pension Plan is considered an at-risk plan within the meaning of Sections 430 of the Code or Section 303 of ERISA or that any Multiemployer Plan to which Borrower or any ERISA Affiliate is obligated to contribute is endangered or is in critical status within the meaning of Section 431 or 432 of the Code or Section 304 or 305 of ERISA; (c) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA, other than for PBGC premiums not yet due; (d) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Pension Plan or to appoint a trustee to administer any Pension Plan or the occurrence of any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (e) the appointment of a trustee to administer any Pension Plan; (f) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or the cessation of operations by the Borrower or any ERISA Affiliate that would be treated as a withdrawal from a Pension Plan under Section 4062(e) of ERISA; (g) the partial or complete withdrawal by the Borrower or any ERISA Affiliate from any Multiemployer Plan; or (h) the taking of any action to terminate any Pension Plan under Section 4041 or 4041A of ERISA.

“*Event of Default*” has the meaning specified in Section 8.01 of this Agreement.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder, as amended.

“*Existing Revolving Credit Agreement*” means the Credit Agreement, dated as of March 7, 2018, as amended as of December 20, 2018, as further amended as of March 29, 2019, by and among Jefferson Gulf Coast Energy Partners LLC, the Jefferson Guarantors (as defined therein) from time to time party thereto, the lenders from time to time party thereto and BMO Harris Bank, N.A., as administrative agent.

“*Existing Security Interests*” means Security Interests existing on the Closing Date that are not expressly required to be discharged as a condition precedent to the obligations of the Underwriter pursuant to the Bond Purchase Agreement.

“*Financing Documents*” means the Indenture, any Supplemental Indenture executed with respect to the Series 2020 Bonds, the Series 2020 Bonds, the Limited Offering Memorandum, this Agreement, the Facilities Lease, the Collateral Agency Agreement, the Security Agreement, the Pledge Agreement, the Direct Agreements, the Mortgages, the Account Control Agreement, any other Security Documents, the Continuing Disclosure Agreement, and the Federal Tax Certificate.

“*Force Majeure Event*” means any of the following events that causes a delay in the construction of the Project: (a) an act of god, including, without limitation, a tornado, flood, earthquake, hurricane, tropical storm or other seismic or weather event or other natural occurrence); (b) fires or other casualties; (c) strikes, lockouts or other labor disturbances that cause a delay in construction of the Project in spite of the Borrower’s use of commercially reasonable efforts to mitigate the delay; (d) acts of war, riots, insurrections, civil commotions, acts of terrorism or similar acts of destruction; (e) requirements of Law enacted after the Closing Date; (f) orders or judgments; or (g) embargoes, shortages or unavailability of materials, supplies, labor, equipment and systems that first arise after the Closing Date in spite of the Borrower’s commercially reasonable efforts to mitigate such shortage or unavailability.

“*Fortress Entities*” means any of (i) Fortress Investment Group LLC and its successors or any Affiliate thereof, (ii) any investment vehicle (whether formed as a private investment fund, stock company, partnership or otherwise) or managed account managed directly or indirectly by (x) Fortress Investment Group LLC and its successors or any Affiliate thereof or (y) any other entity whose day-to-day business and operations are, at the time of any direct or indirect acquisition by such entity of any securities of the Borrower, managed and supervised by one or more of the Principals or individuals under such Principal’s supervision, or any Affiliates of such entity, and (iii) any Person the majority of whose stock, partnership or membership interests are

owned, directly or indirectly, by any Person described in clause (i) or clause (ii) of this definition.

“*FTAI*” means Fortress Transportation and Infrastructure Investors LLC.

“*FTAI Credit Agreement*” means the Revolving Credit Agreement dated as of February 11, 2020, between Jefferson 2020 Bond Borrower LLC, as the borrower, and FTAI, as the lender, containing subordination terms in identical in all material respects with the terms set forth on Attachment A of this Senior Loan Agreement and for which interest shall be payable only in-kind.

“*FTAI Credit Agreement Refinancing Indebtedness*” has the meaning set forth in the definition of “Permitted Additional Senior Indebtedness”.

“*Ground Lease*” has the meaning specified in the recitals to this Agreement.

“*Indebtedness*” means with respect to any Person: (a) indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, other than: (1) accounts payable and trade payables arising in the ordinary course of business (other than those addressed in clauses (2) through (4) of this clause (c)) which are payable in accordance with customary practices, provided that such accounts payable and trade payables (x) are not evidenced by a note, (y) are payable within ninety (90) days of the date of incurrence and are not more than ninety (90) days past due unless being contested in good faith and (z) do not exceed 4% of the sum of the original principal amount of the Series 2020 Bonds plus the principal amount of other Permitted Additional Senior Indebtedness and Additional Parity Bonds at any one time outstanding, (2) accrued expenses arising in the ordinary course of business and not recorded as either “short term indebtedness” or “long term indebtedness” on the balance sheet of the Borrower in accordance with GAAP, (3) any payments pursuant to any construction contracts that are not more than ninety (90) days past due unless being contested in good faith or to the extent such payments represent “retainage,” “holdback” or similar payments, and (4) payments due under any management contract pursuant to which a management company provides employees to provide services for Jefferson, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, (e) any Capitalized Lease Obligation, (f) all obligations, contingent or otherwise, of such Person under bankers acceptances issued or created for the account of such Person, (g) all unconditional obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any capital stock or other equity interests of such Person or any warrants, rights or options to acquire such capital stock or other equity interests, (h) all net obligations of such Person pursuant to Permitted Swap Agreements, (i) all guarantee

obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (h) above, and (j) all Indebtedness of the type referred to in clauses (a) through (h) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien on property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

“*Independent Manager*” means a Person who (i) is not at the time of initial appointment, or at any time while serving as a director or manager, as applicable, and has not been at any time during the preceding five (5) years: (a) a stockholder, director (with the exception of serving as the Independent Manager), officer, employee, partner, member, manager, contractor, attorney or counsel of the Borrower or any Affiliate thereof; (b) a customer, creditor, supplier or other person who derives any of its purchases or revenues from its activities with the Borrower or any Affiliate thereof; (c) a Person Controlling or under common Control with any such stockholder, director, officer, partner, member, manager, contractor, customer, creditor, supplier or other Person; or (d) a member of the immediate family of any such stockholder, director, officer, employee, partner, member, manager, contractor, customer, creditor, supplier or other Person (provided, that in the case of each of (a) through (d), indirect stock or other equity interest ownership of the Borrower or any Affiliate thereof by such Person through a mutual fund or similar diversified investment pool shall be permitted); (ii) has prior experience as an independent director/manager for a corporation/limited liability company involved in a structured financing transaction whose organizational documents require the unanimous written consent of all independent directors/managers thereof before such corporation/limited liability company could consent to the institution of bankruptcy or insolvency proceedings against it or could file a petition seeking relief under any applicable federal or state law relating to bankruptcy; and (iii) is provided by Corporation Service Company, CT Corporation, Lord Securities Corporation, National Registered Agents, Inc., Stewart Management Company, Wilmington Trust Company, Wilmington Trust SP Services, Inc., or, if none of those companies is then providing professional independent managers, another nationally-recognized company, in each case that is not an Affiliate of the Borrower and that provides professional independent managers and other corporate services in the ordinary course of its business.

“*Jefferson*” has the meaning specified in the recitals to this Agreement.

“*Lessee*” has the meaning specified in the recitals to this Agreement.

“*Major Action*” means the Borrower shall: (A) dissolve, merge, liquidate or consolidate; (B) sell all or substantially all of its assets; or (C) file a voluntary bankruptcy or insolvency petition or otherwise institute insolvency proceedings.

“*Material Adverse Effect*” means a material adverse effect on (a) the business, properties, performance, results of operations or financial condition of the Borrower; (b) the Borrower’s ability to complete the Taxable Series 2020B Project; (c) the legality, validity or enforceability of any material Financing Document; (d) the Borrower’s ability to observe and perform its material obligations under any Financing Document; (e) the validity, perfection or priority of a material portion of the Security Interests created pursuant to the Security Documents on the Collateral taken as a whole; or (f) the rights of the Collateral Agent and the Trustee under the Financing Documents, including the ability of the Collateral Agent, the Trustee or any other Secured Party to enforce their material rights and remedies under the Financing Documents or any related document, instrument or agreement, in each case with respect to clauses (a) through (f) above relating to the Project.

“*Material Project Contract*” means (a) those contracts as set forth on Schedule 6.25 and (b) any other agreement pertaining to the Project or to which the Borrower is a party, the breach or termination of which could reasonably be expected to have a Material Adverse Effect.

“*Mortgage*” means an agreement, including, but not limited to, a mortgage, leasehold mortgage or any other document, creating and evidencing a Security Interest on a Mortgaged Property substantially in the form of **Attachment D**.

“*Multiemployer Plan*” means a Pension Plan which is a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA.

“*Net Cash Proceeds*” means (a) with respect to any Permitted Sale and Disposition, the cash proceeds received by the Borrower, net of (i) all fees and out-of-pocket expenses paid by (or on behalf of) the Borrower in connection with such Permitted Sale and Disposition, (ii) the principal amount, premium or penalty, if any, interest and other amounts required to be applied to the repayment of Indebtedness secured by a Security Interest on any asset which is the subject of such Permitted Sale and Disposition; (iii) taxes paid or estimated by the Borrower in good faith to be payable as a result thereof (including any such taxes of the type described in clause (h)(5) of the definition of “O&M Expenditures”), (iv) the amount of any liability paid or to be paid or reasonable reserve established in accordance with GAAP against any liabilities (other than any taxes deducted pursuant to clause (iii) above) (A) associated with the assets that are the subject of such Permitted Sale and Disposition and (B) retained by the Borrower or any of its Subsidiaries, provided that the amount of any subsequent reduction of such reserve (other than in connection with a payment in respect of any such liability) shall be deemed to be Net Cash Proceeds of such event occurring on the date of such reduction and (v) the pro rata portion of the Net Cash Proceeds thereof (calculated without regard to this clause (v)) attributable to minority interests and not available for distribution to or for the account of the Borrower or any of its Subsidiaries as a result thereof.

“O&M Expenditures” means for any period, the sum (without duplication) of the following costs paid by or on behalf of the Borrower or the Lessee: (a) payments to any and all management operating companies, which may be an Affiliate of the Borrower or the Lessee (subject to the requirements on transactions with Affiliates set forth herein), including management fees, payment or reimbursement in respect of rent, furniture, telephone, computer, information technology systems and other equipment and property used or useful in the operation of the Project or any Additional Project and reimbursement of all salaries, employee benefits and other compensation of their employees providing management, leasing, operating, maintenance, legal, accounting, finance, IT, sales and marketing, and human resources services; plus (b) insurance deductibles, claims and premiums and, without duplication, payments made in respect of financing of insurance premiums in the ordinary course of business; plus (c) other than Major Maintenance Costs, costs (including capital expenditures) of operating and maintaining the Project or any Additional Project, including, without limitation, (x) payments and deposits in the ordinary course of business in connection with or to secure bids, tenders, contracts, leases (including, with respect to the Ground Lease, any wharfage rates and port charges and rent payments, and excluding, with respect to the Facilities Lease, all Rent (as defined therein)), subleases, licenses or sublicenses of real property, personal property or Intellectual Property, statutory obligations, surety bonds or appeal bonds and payments and deposits securing letters of credit supporting such obligations and (y) payments and deposits in the ordinary course of business in connection with workers’ compensation laws, unemployment insurance laws or similar legislation and payments and deposits securing letters of credit supporting such obligations; plus (d) property and other similar taxes payable by the Borrower or the Lessee in respect of the Project or any Additional Project; plus (e) fees for accounting, legal and other professional services; plus (f) general and administrative expenses, including payments for cash management services and reimbursements of banking institutions for checks drawn on insufficient funds; plus (g) Major Maintenance Costs solely in accordance with item Fourth in the Flow of Funds under Section 5.02(b) of the Collateral Agency Agreement; plus (h) payments to any direct or indirect parent company of the Borrower or the Lessee to pay or reimburse (1) corporate overhead costs and expenses (including fees for accounting, legal and other professional services) which are reasonable and customary and incurred in the ordinary course of business and attributable to the ownership or operations of the Borrower or the Lessee, (2) customary salary, bonus and other benefits payable to directors, officers and employees of such direct or indirect parent company to the extent such salaries, bonuses and other benefits are attributable to the ownership or operations of the Borrower or the Lessee, (3) any directors and officers liability insurance and reasonable and customary indemnification claims made by directors, managers or officers of such direct or indirect parent company attributable to the ownership or operations of the Borrower or the Lessee, (4) franchise taxes and other fees, taxes and expenses required to maintain such direct or indirect parent company’s corporate existence, (5) U.S. federal, state and local taxes that are attributable to the taxable income, revenue, receipts

or profits of the Borrower or the Lessee for any taxable period (A) in which the Borrower or the Lessee is a member of a consolidated, combined, unitary or similar tax group of which such direct or indirect parent company is the common parent or (B) in which the Borrower or the Lessee is treated as a disregarded entity or partnership for U.S. federal, state and/or local income tax purposes, (6) listing fees and other costs and expenses attributable to such direct or indirect parent company being a publicly traded company and (7) fees and expenses related to any debt offering (including debt securities and bank loans) or equity offering by such direct or indirect parent company, whether or not consummated; provided that, for purposes of this clause (h), for so long as any such direct or indirect parent company owns no material assets other than cash, Permitted Investments and equity interests of the Borrower or the Lessee or another direct or indirect parent of the Borrower or the Lessee, any requirement herein that the applicable costs and expenses be attributable to the ownership or operations of the Borrower shall be deemed satisfied, plus (i) filings or other costs required in connection with the maintenance of the first priority Security Interest of the Secured Parties in the Collateral; provided, that the following shall be excluded from the foregoing items (a) through (h): (i) payments of principal, interest or fees with respect to the Series 2020 Bonds and other Indebtedness (other than payments in respect of ordinary cash management services) permitted under the Secured Obligation Documents; (ii) capital expenditures or contributions paid with funds made available to the Borrower or the Lessee by Additional Equity Contributions; (iii) payments for Capital Projects or the construction of any Additional Projects permitted under the Financing Documents; (iv) any payments, dividends or distributions to any Person in respect of any capital stock of the Borrower or the Lessee, except as set forth in clause (h) above; and (v) depreciation, amortization of intangibles and other non-cash accounting entries of a similar nature for such period. O&M Expenditures are not to be considered investments for the purposes of the Senior Loan Agreement or the Collateral Agency Agreement.

“*Organizational Documents*” means for any Person the organizational documents governing its creation, existence and actions, as in effect on the date in question.

“*Pension Plan*” means a “pension benefit plan” as defined in Section 3(2) of ERISA that is subject to Title IV of ERISA or Section 412 of the Code, other than a Multiemployer Plan, that is maintained by, or contributed to by, or required to be contributed to by, the Borrower or any ERISA Affiliate.

“*Permitted Activities*” has the meaning specified in Section 6.14 hereof.

“*Permitted Additional Senior Indebtedness*” means:

- Indebtedness refinancing, in whole or in part, Indebtedness then outstanding under the FTAI Credit Agreement, except to the extent such Indebtedness constitutes interest

paid in kind thereunder (“FTAI Credit Agreement Refinancing Indebtedness”), provided that (i) the aggregate principal amount of all FTAI Credit Agreement Refinancing Indebtedness incurred in reliance on this clause (a) outstanding at any time may not exceed an amount equal to \$500,000,000 less the original principal amount of the Series 2020 Bonds, (ii) such FTAI Credit Agreement Refinancing Indebtedness does not mature prior to, or does not have a shorter weighted average life than, or does not have mandatory redemption features that could result in redemptions of such FTAI Credit Agreement Refinancing Indebtedness prior to, the maturity date of the Indebtedness under the FTAI Credit Agreement that is being refinanced, (iii) the stated interest rate per annum payable on such FTAI Credit Agreement Refinancing Indebtedness does not exceed 10%, (iv) Jefferson has entered into a contractual arrangement with a customer or other commercial counterparty for the use of the portion of the Pipelines Project to be funded and/or refinanced, and either (x) such portion of the Pipelines Project has reached Substantial Completion or (y) Jefferson has (1) obtained all material permits, title and easements necessary for the construction and operations of such portion of the Pipelines Project, (2) executed a fixed-price, time-certain construction contract for such portion of the Pipelines Project and (3) retained a technical advisor to determine the cost of such portion of the Pipelines Project in a report made available to investors in the Series 2020 Bonds, and (v) for clarity, proceeds of Indebtedness incurred under clause (b) below may not constitute FTAI Credit Agreement Refinancing Indebtedness;

(b) Indebtedness pursuant to a revolving credit facility not to exceed \$75,000,000 at any time outstanding;

(c) purchase money Indebtedness in a cumulative aggregate principal amount not to exceed \$25,000,000 at any time outstanding;

(d) Indebtedness refinancing any Permitted Additional Senior Indebtedness (“Refinancing Senior Indebtedness”), subject to any Additional Debt Service Reserve Requirements; provided that (x) (i) no Refinancing Senior Indebtedness matures prior to, or has a shorter weighted average life than, or has mandatory redemption features that could result in redemptions of such Refinancing Senior Indebtedness prior to, the maturity date of the applicable Senior Indebtedness that is being refinanced and (ii) the debt service payable on such Refinancing Senior Indebtedness does not exceed the debt service payable on the Senior Indebtedness being refinanced, or (y) the incurrence of such Refinancing Senior Indebtedness satisfies the Cash Flow Test (as defined below) and Senior Leverage Test (as defined below); and

(e) any other Indebtedness (including FTAI Credit Agreement Refinancing Indebtedness to the extent exceeding \$500,000,000 less the original principal amount of the Series 2020 Bonds), provided that calculated on a pro forma basis to give effect to all scheduled

principal and interest payments in respect of Indebtedness proposed to be incurred in reliance on this clause (e), (i) Cash Flow Available for Debt Service of Jefferson is greater than or equal to (x) 150% of the total Senior Principal and Interest Requirements for the twelve (12) month period ending on the last day of the most recent full calendar month prior to the incurrence of such Indebtedness and (y) 150% of the Senior Principal and Interest Requirements projected in any full fiscal year (including debt service related to the proposed Indebtedness to be refinanced under this clause (e), but excluding the principal amount of the proposed Indebtedness to be refinanced under this clause (e)) (the “Cash Flow Test”) and (ii) Senior Indebtedness outstanding shall not exceed an amount equal to (x) 0.55 multiplied by (y) Total Capitalization (the “Senior Leverage Test”);

in each case of clauses (a) through (e) above, that shall be payable pro rata with the Series 2020 Bonds and any Additional Parity Bonds pursuant to the Collateral Agency Agreement as in effect on the Closing Date, and may, at the option of the Borrower, be secured by all of the Collateral under the Collateral Agency Agreement, or may be unsecured; provided that if such Permitted Additional Senior Indebtedness is unsecured, it will be junior to the Secured Obligations upon the exercise of remedies against the Collateral to the extent of the value of the Collateral as provided in Section 9.08 of the Collateral Agency Agreement as in effect on the Closing Date. For purposes of the Cash Flow Test, (i) with respect to any period, Cash Flow Available for Debt Service shall be calculated on a pro forma basis to give effect to revenues attributable to the Project pursuant to contracts or agreements in effect as of the date of calculation, as determined by Jefferson in good faith and (ii) any non-amortizing Indebtedness shall be deemed to amortize with level debt service payments over a 30-year period.

“*Permitted Business Activities*” means the undertaking of the Project and any Additional Project (including all Permitted Activities) and any business that is ancillary and related thereto.

“*Permitted Easements*” means, all rights-of-way, easements, rights of use or similar rights granted by the Borrower or the Lessee over any portion of the Project which, in the aggregate, do not materially (i) diminish the value of the Project or (ii) interfere with the ordinary conduct of the business of the Borrower or the Lessee, in each instance under clauses (i) or (ii), as conclusively established by a board resolution of the Borrower or the Lessee, as applicable. For the avoidance of doubt, any of the foregoing which would create or result in a Material Adverse Effect is strictly prohibited.

“*Permitted Holders*” means the collective reference to the Fortress Entities and their Affiliates. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control with respect to which the Majority Holders have consented in accordance with the requirements of the Indenture will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

“Permitted Indebtedness” means:

(a) Any Indebtedness incurred under the Financing Documents;

(b) Additional Parity Bonds and Permitted Additional Senior Indebtedness, subject to the terms of the Financing Documents;

(c) Indebtedness and any interest accruing thereon existing as of the Closing Date (other than Indebtedness expressly required to be discharged as a condition precedent to the obligations of the Underwriters under the Bond Purchase Agreement) that is identified in **Attachment C** to this Agreement, and all Indebtedness incurred to refund, refinance, extend, renew or replace any Indebtedness incurred pursuant to this clause (c) so long as the principal amount of such Indebtedness is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, the committed amount of such Permitted Indebtedness on the Closing Date, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refunding, refinancing, extension, renewal or replacement;

(d) Indebtedness (including Capitalized Lease Obligations) incurred to finance or refinance the purchase, lease, development, ownership, construction, maintenance or improvement of real or personal property or equipment that is used or useful in the Project or any Additional Project or any other Permitted Business Activities, and all Indebtedness incurred to refund, extend, renew, refinance or replace such Indebtedness; provided, however, that, (i) the aggregate principal amount which, when aggregated with the principal amount of all other Indebtedness then outstanding and incurred pursuant to this clause (d), and including all Indebtedness incurred to refund, extend, renew, refinance or replace any other Indebtedness incurred pursuant to this clause (d) does not exceed \$20,000,000, and (ii) such Indebtedness (other than Indebtedness incurred to refund, extend, renew, refinance or replace any other Indebtedness incurred pursuant to this clause (d)) is incurred within 365 days after the completion of such purchase, lease, development, construction, maintenance or improvement. Such Indebtedness is payable on the same basis as the Additional Senior Unsecured Indebtedness under Section 5.02(b) of the Collateral Agency Agreement as in effect on the Closing Date, and such Indebtedness shall not be Secured by the Collateral;

(e) (i) Indebtedness incurred constituting reimbursement obligations with respect to letters of credit and bank guarantees issued in the ordinary course of business, including without limitation letters of credit in respect of workers’ compensation claims, health, disability or other benefits to employees or former employees or their families or property, casualty or liability insurance or self-insurance, and letters of credit in connection with the maintenance of, or pursuant to the requirements of, environmental or other permits or licenses from governmental authorities, (ii) other Indebtedness with respect to reimbursement type obligations regarding

workers' compensation claims, and (iii) Indebtedness incurred to refund, extend, renew, refinance or replace any other Indebtedness incurred pursuant to this clause (e); provided, however, that (1) upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence, and (2) the aggregate principal amount which, when aggregated with the then outstanding principal amount of all other Indebtedness incurred pursuant to this clause (e) and including all Indebtedness incurred to refund, extend, renew, refinance or replace any other Indebtedness incurred pursuant to this clause (e), does not exceed \$10,000,000;

(f) Permitted Swap Agreements for the purpose of limiting: (i) interest rate risk; (ii) exchange rate risk with respect to any currency exchange; (iii) commodity risk; or (iv) any combination of the foregoing;

(g) Obligations in respect of performance, bid, appeal and surety bonds and or indemnification obligations (or guarantees thereof) incurred in the ordinary course of business or consistent with past practice or industry practice;

(h) Indebtedness consisting of the financing of insurance premiums in the ordinary course of business, and Indebtedness incurred to refund, extend, renew, refinance or replace such Indebtedness;

(i) Indebtedness consisting of take-or-pay obligations contained in supply arrangements in the ordinary course of business, and Indebtedness incurred to refund, extend, renew, refinance or replace such Indebtedness; provided, however, that the aggregate principal amount which, when aggregated with the then outstanding principal amount of all other Indebtedness incurred pursuant to this clause (i) and including all Indebtedness incurred to refund, extend, renew, refinance or replace any other Indebtedness incurred pursuant to this clause (i), does not exceed \$10,000,000;

(j) Permitted Subordinated Debt;

(k) Indebtedness pursuant to the FTAI Credit Agreement;

(l) Obligations in respect of the Sublease; and

(m) Obligations in respect of the Ground Lease.

"Permitted Sales and Dispositions" means:

(a) Sales or other dispositions of equipment, property or other assets, including to a joint venture or any other entity that is owned 50% or more by the Borrower or any of its Affiliates, provided that the sale or disposition is for fair market value and at least 75% of the

consideration therefor is paid in cash or, in the case of a joint venture or similar transaction, is consummated in connection with a commercial contract with a creditworthy counterparty of Jefferson;

(b) Sales or other dispositions of any obsolete, damaged, defective or worn out equipment in the ordinary course of business, inventory or goods held for sale in the ordinary course of business or any abandoned property;

(c) Sales or other dispositions of real or personal property not required for the construction or operation of the Project or, to the extent financed by Additional Parity Bonds or Permitted Additional Senior Indebtedness, any Additional Project;

(d) Sales or other dispositions of cash or Permitted Investments;

(e) Sales or other dispositions that would constitute Permitted Indebtedness;

(f) The sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof or in bankruptcy or similar proceeding;

(g) The surrender, waiver, amendment or modification of contract rights or the settlement, release or surrender of a contract, tort or other claim of any kind, in each case, in the ordinary course of business;

(h) The granting of any Permitted Easement or Permitted Security Interest;

(i) The transfer of any deed in lieu of condemnation by a governmental entity related to the Project or any Additional Project;

(j) Any distribution from the Distribution Account permitted pursuant to the Collateral Agency Agreement;

(k) Foreclosures on assets or dispositions of assets required by Law, governmental regulation or any order of any court, administrative agency or regulatory body, and transfers resulting from or in connection with a Casualty Event or Expropriation Event; and

(l) The lapse or abandonment of intellectual property rights that in the good faith determination of the Borrower or the Lessee are not material to the conduct of the business of the Borrower or the Lessee.

“Permitted Security Interest” means:

(a) Any Security Interest arising by operation of law or in the ordinary course of business in connection with or to secure the performance of bids, tenders, contracts, leases, subleases, licenses or sublicenses of real property, personal property or Intellectual Property, statutory obligations, surety bonds or appeal bonds, or in connection with workers' compensation laws, unemployment insurance laws or similar legislation or securing letters of credit supporting such obligations;

(b) Any mechanic's, materialmen's, workmen's, repairmen's, employees', warehousemen's, carriers' or any like lien or right of set-off arising in the ordinary course of business or under applicable law, securing obligations incurred in connection with the Project or any Additional Project which are not overdue by more than sixty (60) days or are adequately bonded or are being contested in good faith (provided that the Borrower shall, to the extent required by GAAP, set aside adequate reserves with respect thereto);

(c) Any Security Interest for taxes, assessments or governmental charges not yet overdue for a period of more than forty-five (45) days or being contested in good faith (provided that the Borrower shall, to the extent required by GAAP, set aside adequate reserves with respect thereto);

(d) Any Security Interest securing judgments for the payment of money not constituting an Event of Default under Section 8.01(g) hereof so long as such liens are adequately bonded and any appropriate legal proceedings that may have been duly initiated for the review of such judgment have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(e) Any Security Interest created pursuant to or contemplated by the Financing Documents or to secure the Bond Obligations or Permitted Additional Senior Indebtedness secured by Collateral (on a pari passu basis with all other Bond Obligations and all other Permitted Additional Senior Indebtedness secured by Collateral and subject to the terms of the Collateral Agency Agreement);

(f) Any other Security Interest not securing debt for borrowed money granted over assets with an aggregate value at any one time not exceeding 3% of the sum of the original principal amount of the Series 2020 Bonds and any other Permitted Additional Senior Indebtedness and Additional Parity Bonds then outstanding;

(g) Any Security Interests securing Permitted Indebtedness described in clause (d) of the definition of Permitted Indebtedness; provided that such Security Interest may not extend to any property owned by the Borrower other than the specific property or asset being financed by the Permitted Indebtedness described in clause (d) of the definition of Permitted Indebtedness or proceeds thereof;

(h) (i) Any Security Interest arising solely by virtue of any statutory or common law provision relating to banker's liens, rights to set-off or similar rights, and (ii) any Security Interests on specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of letters of credit or bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(i) Any Security Interest existing on any property or asset prior to the acquisition thereof by the Borrower, including any acquisition by means of a merger or consolidation with or into the Borrower; provided that (i) such Security Interest is not created in contemplation of or in connection with such acquisition and (ii) such Security Interest may not extend to any other property owned by the Borrower (other than extensions, renewals, replacements or proceeds of such property, or assets or property affixed or appurtenant thereto);

(j) Permitted Easements;

(k) Existing Security Interests;

(l) Security Interests securing Permitted Swap Agreements and the costs thereof;

(m) Security Interests arising from precautionary Uniform Commercial Code financing statement filings regarding operating leases entered into by the Borrower in the ordinary course of business;

(n) Security Interests on equipment of the Borrower granted in the ordinary course of business to the Borrower's client, customer or supplier at which such equipment is located;

(o) Security Interests to secure any refinancing, refunding, extension, renewal or replacement (or successive refinancing, refunding, extensions, renewals or replacements) as a whole, or in part, of any Indebtedness secured by a Permitted Security Interest under clauses (g), (i) or (k) of this defined term; provided, however, that (1) such new Security Interest shall be limited to all or part of the same property that secured the original Security Interest (plus extensions, renewals, replacements or proceeds of such property, or assets or property affixed or appurtenant thereto), (2) the Indebtedness secured by such Security Interest at such time is not increased to any amount greater than the sum of (A) the outstanding principal amount or, if greater, the committed amount of such Permitted Indebtedness at the time the original Security Interest became a Permitted Security Interest, and (B) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement and (3) the new Security Interest has no greater priority and the holders of the Indebtedness secured by such Permitted Security Interest have no greater intercreditor rights

relative to the Owners of the Bonds and the owners of Permitted Additional Senior Indebtedness then outstanding, if any, than the original Security Interest and the related Indebtedness;

(p) Security Interests securing reimbursement obligations with respect to letters of credit and other credit facilities that constitute Permitted Indebtedness and that encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(q) As to any portion of the Project or any Additional Project comprised of real property, any Security Interest that would not have a Material Adverse Effect;

(r) Security Interests that are contractual rights of set-off relating to purchase orders and other agreements entered into with customers of the Borrower in the ordinary course of business;

(s) Security Interests arising out of conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods entered into by the Borrower in the ordinary course of business;

(t) Security Interests arising or granted in the ordinary course of business in favor of Persons performing credit card processing, clearinghouse or similar services for the Borrower, so long as such Security Interests are on cash or cash equivalents that are subject to holdbacks by, or are pledged to, such Persons to secure amounts that may be owed to such Persons under the Borrower's agreements with them in connection with their provision of credit card processing, clearinghouse or similar services to the Borrower; and

(u) Any Security Interest created to secure Permitted Subordinated Debt secured by Collateral (on a subordinate basis to the Security Interest on the Collateral securing all Bond Obligations and all other Permitted Additional Senior Indebtedness and subject to the subordination terms set forth in **Attachment A**).

"Permitted Subordinated Debt" means Indebtedness subordinate to all Bond Obligations and all other Permitted Additional Senior Indebtedness in accordance with **Attachment A** of this Senior Loan Agreement and payable only in accordance with levels Twelfth and Thirteenth of the Flow of Funds set forth in the Collateral Agency Agreement; *provided* that notwithstanding the existence of any event of default (including payment defaults) on any Permitted Subordinated Debt, so long as any Series 2020 Bonds or any Additional Parity Bonds are outstanding, the holders of the Permitted Subordinated Debt (or a trustee for the benefit of such holders) shall not have the right (i) to foreclose on the Trust Estate; (ii) to accelerate or terminate the Permitted Subordinated Debt; (iii) to commence any suit, action or proceeding to enforce or collect payment of amounts due and payable under the Permitted Subordinated Debt, or (iv) to commence a bankruptcy, reorganization or liquidation against Jefferson.

“*Pipelines Project*” means any portion of the Project to the extent the development, construction, acquisition or operation thereof is funded or reimbursed with the proceeds of the FTAI Credit Agreement or FTAI Credit Agreement Refinancing Indebtedness.

“*Potential Event of Default*” means an event which, with the giving of notice or lapse of time, would become an Event of Default under this Agreement.

“*Principals*” means Wesley R. Edens, Randal A. Nardone and Joseph P. Adams, Jr.

“*Prior 2016 Bonds*” has the meaning specified in the Indenture.

“*Project*” has the meaning specified in the recitals to this Agreement.

“*Prudent Industry Practice*” means, at a particular time, any of the practices, methods, standards and procedures (including those engaged in or approved by a material portion of the midstream oil and gas industry) that, in the exercise of reasonable judgment in light of the facts known at the time a decision was made, would reasonably have been expected to accomplish the desired result consistent with good business practices, including due consideration of the Project’s reliability, environmental compliance, economy, safety and expedition.

“*Refinancing Senior Indebtedness*” has the meaning set forth in the definition of “Permitted Additional Senior Indebtedness”.

“*Restricted Payment Conditions*” has the meaning as specified in the Collateral Agency Agreement.

“*Rule*” or “*Rule 15c2-12*” means SEC Rule 15c2-12, as amended from time to time.

“*Securities Act*” means the Securities Act of 1933, as amended, and the rules and regulations of the Securities and Exchange Commission promulgated thereunder, as amended.

“*Series 2020 Bonds*” has the meaning specified in the recitals to this Agreement.

“*Series 2020A Bonds*” has the meaning specified in the recitals to this Agreement.

“*Series 2020A Project*” has the meaning specified in the recitals to this Agreement.

“*Senior Indebtedness*” has the meaning specified in the Collateral Agency Agreement.

“*Senior Leverage Test*” has the meaning set forth in the definition of “Permitted Additional Senior Indebtedness”.

“*Senior Principal and Interest Requirements*” means the aggregate amount of principal and interest due and payable by Jefferson with respect to Senior Indebtedness outstanding.

“*Special Purpose Entity*” means a corporation, limited liability company or limited partnership which, since the date of its formation, has complied with, and at all times on and after the date hereof, complies and will continue to comply with, the requirements set forth in Section 6.14 hereto.

“*Subsidiary*” means, as to any particular parent corporation or organization, any other corporation or organization more than 50% of the outstanding Voting Stock of which is at the time directly or indirectly owned by such parent corporation or organization or by any one or more other entities which are themselves subsidiaries of such parent corporation or organization.

“*Substantial Completion Deadline*” has the meaning specified in the Collateral Agency Agreement.

“*Successor Borrower*” has the meaning specified in Section 6.16 of this Agreement.

“*Taxable Series 2020B Bonds*” has the meaning specified in the recitals to this Agreement.

“*Taxable Series 2020B Loan*” has the meaning specified in the recitals to this Agreement.

“*Taxable Series 2020B Project*” has the meaning specified in the recitals to this Agreement.

“*Total Capitalization*” means the sum of Senior Indebtedness outstanding, invested equity of Jefferson, Additional Equity Contributions and Permitted Subordinated Debt (including Indebtedness drawn under the FTAI Credit Agreement).

“*Total Debt Service Coverage Ratio*” or “*Total DSCR*” has the meaning specified in the Collateral Agency Agreement as in effect on the Closing Date.

“*Trust Estate*” has the meaning specified in the Indenture.

“*Underwriters’ Counsel*” means Mayer Brown LLP.

“*Voting Stock*” of any Person as of any date means the capital stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

Section 1.02 Uses of Phrases.

(a) Except as otherwise expressly provided, the following rules of interpretation shall apply to this Senior Loan Agreement:

(i) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined;

(ii) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms;

(iii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”;

(iv) the word “will” shall be construed to have the same meaning and effect as the word “shall”;

(v) 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) and shall include any appendices, schedules, exhibits, clarification letters, side letters and disclosure letters executed in connection therewith;

(vi) any reference herein to any Person shall be construed to include such Person’s permitted successors and assigns and, in the case of any Governmental Authority, any Person succeeding to its functions and capacities;

(vii) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Senior Loan Agreement in its entirety and not to any particular provision thereof;

(viii) all references in this Senior Loan Agreement to Articles, Sections, Exhibits, Attachments and Schedules shall be construed to refer to Articles and Sections of, and Exhibits, Attachments and Schedules to, this Senior Loan Agreement;

(ix) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights;

(x) each reference to a Law shall be deemed to refer to such Law as the same may be in effect from time to time;

(xi) references to days shall refer to calendar days unless Business Days are specified; references to weeks, months or years shall be to calendar weeks, months or years, respectively; and

(xii) except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP.

(b) Withdrawals to Occur on a Business Day. In the event that any withdrawal, transfer or payment to or from any Account contemplated under this Senior Loan Agreement shall be required to be made on a day that is not a Business Day, such withdrawal, transfer or payment shall be made on the immediately succeeding Business Day.

(c) Delivery or Performance to Occur on a Business Day. In the event that any document, agreement or other item or action is required by any Secured Obligation Document to be delivered or performed on a day that is not a Business Day, the due date thereof shall be extended to the immediately succeeding Business Day.

(d) Any percentage of Series 2020 Bonds specified herein for any purpose is to be calculated by reference to the unpaid principal amount thereof then Outstanding.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01 Representations and Warranties of the Issuer.

The Issuer hereby represents and warrants to the Borrower, as of the Closing Date, that:

(a) The Issuer is a public body corporate and politic, and a public instrumentality organized and existing under the laws of the State and pursuant to the Act has the power to (1) enter into this Senior Loan Agreement and the Indenture, (2) assign its rights (other than the Reserved Rights) under this Senior Loan Agreement to the Trustee in accordance with the terms of the Indenture, (3) issue the Series 2020 Bonds, a portion of the proceeds to be used to finance Project Costs, (4) lend the proceeds of the issuance of the Taxable Series 2020B Bonds under the terms of this Senior Loan Agreement to the Borrower for the use of the proceeds in accordance with Section 3.03 hereof, and (5) carry out its other obligations in connection therewith pursuant to the Indenture and this Senior Loan Agreement.

(b) Pursuant to the Bond Resolution, the Issuer has duly authorized the execution and delivery of the Indenture, this Senior Loan Agreement, and the consummation of the transactions contemplated therein and herein, including without limitation, the assignment of its rights (other than the Reserved Rights) under this Senior Loan Agreement to the Trustee in accordance with the terms of the Indenture, the performance of its obligations hereunder and thereunder, the issuance of the Taxable Series 2020B Bonds, the loan of the proceeds of the Taxable Series 2020B Bonds to the Borrower for the use of the proceeds in accordance with Section 3.03 hereof and, simultaneously with the execution and delivery of this Senior Loan Agreement, has duly

executed and delivered the Indenture. The Bond Resolution has not been repealed, revoked, rescinded or amended and is in full force and effect.

(c) No further approval, consent or withholding of objection on the part of any regulatory body, federal, state or local, is required in connection with (1) the issuance and delivery of the Series 2020 Bonds by the Issuer, (2) the execution or delivery of or compliance by the Issuer with the terms and conditions of this Senior Loan Agreement, the Indenture or the Series 2020 Bonds, or (3) the assignment and pledge by the Issuer pursuant to the Indenture of its rights under this Senior Loan Agreement (except the Reserved Rights) and the payments thereon by the Borrower, as security for payment of the principal of, premium, if any, and interest on the Series 2020 Bonds. The consummation by the Issuer of the transactions set forth in the manner and under the terms and conditions as provided in this Senior Loan Agreement, the Indenture and the Series 2020 Bonds will comply with all applicable laws. Notwithstanding the preceding sentences, no representation is expressed as to any action required under federal or state securities or Blue Sky Laws in connection with the sale or distribution of the Series 2020 Bonds.

(d) The Issuer is not in breach of or default under this Senior Loan Agreement or the Series 2020 Bonds or in violation of any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, in each case which breach, default or violation would have a material adverse effect on the authorization, issuance, sale or delivery of the Series 2020 Bonds or the authorization, execution, delivery and performance of this Senior Loan Agreement, the Indenture or the Series 2020 Bonds and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach, default or violation. The execution, delivery and performance of its obligations under the Indenture, this Senior Loan Agreement and the Series 2020 Bonds, and the assignment of its rights (other than the Reserved Rights) under this Senior Loan Agreement do not and will not conflict with or result in a violation or a breach of any law or the terms, conditions or provisions of any restriction under any law, contract, agreement or instrument to which the Issuer is now a party or by which the Issuer is bound, or constitute a default under any of the foregoing.

(e) Except as may be described in the Limited Offering Memorandum, as the same may be amended and supplemented, there is no action, suit, proceeding or litigation pending against the Issuer or, to the knowledge of its members, officers or counsel, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2020 Bonds, or in any way contesting or affecting the validity of the Series 2020 Bonds or any proceedings of the Issuer taken with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the Series 2020 Bonds, the use of the Series 2020 Bond proceeds or the existence or powers of the Issuer or its officers or members.

(f) Each of this Senior Loan Agreement and the Indenture constitutes the valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with the terms thereof, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws or judicial action affecting the enforcement of creditors' rights generally and the application of general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) subject to the valid exercise of the constitutional powers of the State and the United States of America. The execution and delivery of this Senior Loan Agreement and the Indenture, the performance by the Issuer of its obligations hereunder and thereunder and the consummation of the transactions herein and therein contemplated do not and will not materially conflict with, or constitute a material breach or result in a material violation of the Act or bylaws of the Issuer, any agreement or other instrument to which the Issuer is a party or by which it is bound or any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Issuer or its property.

(g) The Issuer hereby acknowledges that the Project Accounts are the property of the Borrower and not the Issuer and that the Borrower has represented to the Issuer in Section 2.02(k) below that the Borrower has granted a security interest in the Project Accounts to the Collateral Agent pursuant to the terms of the Security Agreement.

(h) Notwithstanding anything herein to the contrary, any obligation the Issuer may incur hereunder in connection with the issuance of the Series 2020 Bonds shall not be deemed to constitute a general obligation of the Issuer, but, as to the Issuer, shall be payable solely from the payments received hereunder and from the Trust Estate as provided in the Indenture. The Issuer has no taxing power.

The representations and warranties included in this Section 2.01 are made subject to the limitations set forth in Section 3.05 hereof.

Section 2.02 Representations and Warranties of the Borrower

The Borrower hereby represents and warrants to the Issuer, as of the Closing Date and any other date on which representations and warranties are expressly required to be true pursuant to the Financing Documents, that:

(a) The Borrower is a limited liability company, duly formed, validly existing and in good standing under the laws of the state of Delaware, is qualified to do business in the State and in every jurisdiction where such qualification is required by applicable law, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

(b) The Borrower has full organizational power and authority to conduct its business as now conducted and as presently proposed to be conducted immediately following the

execution and delivery of the Transaction Documents to which it is a party and the Borrower has full power and authority to execute, deliver and perform its obligations under each Transaction Document to which it is a party.

(c) All necessary actions on the part of the Borrower required to authorize the execution, delivery and performance of each Transaction Document to which it is a party has been duly taken.

(d) Each of the Transaction Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower and constitutes a valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or other similar laws or judicial action affecting the enforcement of creditors' rights generally and the application of general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(e) The execution, delivery and performance by the Borrower of each Transaction Document to which it is a party does not (1) conflict with any contractual obligations binding on, or to the knowledge of the Borrower, affecting the Borrower, except where such conflict would not reasonably be expected to have a Material Adverse Effect, (2) violate any provision of any court decree or order binding on, or to the knowledge of the Borrower, affecting the Borrower, except where such violation would not reasonably be expected to have a Material Adverse Effect, (3) violate any provision of any law or governmental regulation binding on, or to the knowledge of the Borrower, affecting the Borrower, except where such violation would not reasonably be expected to have a Material Adverse Effect, or (4) result in, or require, the creation or imposition of any Security Interest on any of the properties or revenues of the Borrower, except for Permitted Security Interests;

(f) Except as may be described in the Limited Offering Memorandum, on the Closing Date, there is no pending or, to Borrower's knowledge, threatened litigation or proceeding against the Borrower or with respect to the transactions contemplated by this Senior Loan Agreement or the other Financing Documents which has a material likelihood of success and if determined adversely to the Borrower or to such transactions, would reasonably be expected to have a Material Adverse Effect.

(g) Except as may be described in the Limited Offering Memorandum, the Borrower has obtained all Governmental Approvals required to be obtained by the Borrower in connection with the execution and delivery of, and performance by the Borrower of its obligations, and the exercise of its rights, under the Transaction Documents and all such Governmental Approvals are in full force and effect except for such Governmental Approvals that are not then required to be

obtained or such Governmental Approvals the failure to obtain which would not reasonably be expected to result in a Material Adverse Effect.

(h) The Borrower has timely filed (or applied for an extension relating to the same) all required income tax returns related to material Taxes, if any, and has paid all required Taxes due, if any, except for such Taxes being contested in good faith and for which the Borrower has established adequate reserves in accordance with GAAP, and except where failure to make such filing or payment as would not reasonably be expected to have a Material Adverse Effect. There is no stamp, registration or similar Tax under applicable law, as presently in effect, imposed, assessed, levied or collected by a Governmental Authority on or in relation to amounts payable pursuant to any Financing Document that is presently due other than as shall already have been paid or for which provision for payment shall already have been made.

(i) No Potential Event of Default or Event of Default has occurred and is continuing under this Agreement and no "Potential Event of Default" (as defined in the Indenture) or "Event of Default" (as defined in the Indenture) has occurred and is continuing under the Indenture.

(j) The Borrower has granted a security interest in the Project Accounts to the Collateral Agent pursuant to the terms of the Security Agreement. All Security Interests created under the Security Documents are valid, legally binding and, assuming the filing of financing statements and recordation of the Mortgages required to perfect such Security Interests, such Security Interests will be ranked as contemplated in the Financing Documents, and no Security Interest exists over the Borrower's interest in the Project or any other Collateral or over any other of the Borrower's revenues or assets other than Permitted Security Interests.

(k) There are no liabilities or claims against the Borrower under any Environmental Law with respect to the Project, except to the extent that noncompliance with such Environmental Laws, or such liabilities or claims under Environmental Laws, would not reasonably be expected to give rise to a Material Adverse Effect.

(l) The Borrower has no Indebtedness, except for Permitted Indebtedness.

(m) The Borrower owns, has a license or application to use, or otherwise has the right to use, free and clear of any liens (other than Permitted Security Interests), all the material patents, patent applications, trademarks, permits, service marks, names, trade secrets, proprietary information and knowledge, technology, computer programs, databases, copyrights, licenses, franchises and formulas, or rights with respect thereto, and has obtained assignments of all leases and other rights of whatever nature, in each case, that are required as of the Closing Date (and as of such other date on which this representation is required to be made pursuant to the Financing Documents) for the performance by it of its obligations under the Transaction Documents to

which it is a party without any infringement upon the legal rights of others that would adversely affect the Borrower's rights to the same or result in a Material Adverse Effect.

(n) To the knowledge of the Borrower, there are no Hazardous Materials on the Project, the presence of which would cause the Borrower to be in violation of any applicable laws, except where such violation would not reasonably be expected to have a Material Adverse Effect.

(o) No Bankruptcy Event has occurred and is continuing with respect to the Borrower.

(p) The Security Documents are effective to create a legally valid and enforceable Security Interest in respect of the Collateral under such Security Documents, and all necessary recordings and filings will have been or will be recorded and filed on or promptly following the Closing Date, as and when required, and the Borrower has title to all material property, assets and revenues it purports to own subject to the Security Interests of the Security Documents, free and clear of all other Security Interests other than Permitted Security Interests, except where failure to have such title would not be reasonably likely to have a Material Adverse Effect. On or promptly following the Closing Date, all necessary recordings and filings will have been or will be made such that the Security Interests created by such Security Documents will constitute valid and perfected Security Interests on the Collateral to the extent required under such Security Documents, subject only to Permitted Security Interests.

(q) Except to the extent a Transaction Document has been terminated and such termination does not violate Section 6.25 hereof, each Transaction Document that has been executed and delivered by the Borrower is in full force and effect as against the Borrower, and the Borrower is not in default under any Transaction Document to which the Borrower is a party, except as would not reasonably be expected to have a Material Adverse Effect.

(r) Each of the Borrower and the Lessee is and has been since its date of formation a Special Purpose Entity created solely for the purpose of undertaking the acquisition, ownership, holding, marketing, operation, management, maintenance, repair, replacement, renovation, restoration, improvement, design, development, construction, financing and/or refinancing of facilities for the transport, loading, unloading and storage of petroleum products and activities related, supplemental or incidental to any of the foregoing, and engaging in any lawful act or activity and exercising any powers permitted to limited liability companies organized under the laws of the State of Delaware that are related or incidental to and necessary, convenient or advisable for the accomplishment of the above-mentioned purpose, and holds no equity or other ownership interest in any Person. Without limiting the foregoing, each of the Borrower and the Lessee: (i) was duly formed, is validly existing and is in good standing in the state of its

incorporation or formation and in all other jurisdictions where it is qualified to do business, except where the failure to be in good standing in such other jurisdictions would not reasonably be expected to have a Material Adverse Effect, (ii) has paid all taxes which it owes and, subject to any contest rights set forth in this Agreement, is not involved in any dispute with any taxing authority, except in each case where the failure to make such payment or where such dispute would not reasonably be expected to have a Material Adverse Effect, (iii) is not party to any lawsuit, arbitration, summons or legal proceeding that resulted in a judgment against it that has not been paid in full, except where the failure to pay such judgment would not reasonably be expected to have a Material Adverse Effect, (iv) has no liens of any nature against it except for prior liens which have been or will be discharged as a result of the closing of the Taxable Series 2020B Loan as of the Closing Date and Permitted Security Interests, (v) has no material contingent or actual obligations not related to the Project, (vi) does not and has not leased or owned any real property or other property other than with respect to the Project, (vii) is not party to any contract or agreement with any of its Affiliates except upon terms and conditions that are commercially reasonable and substantially similar to those available in an arm's-length transaction with an unrelated party, in each case as reasonably determined by it in good faith and in accordance with Prudent Industry Practice, (viii) has paid all of its debts and liabilities that are not currently outstanding only from its own funds and assets (as distinguished from the funds and assets of another Person), (ix) has done or caused to be done all things necessary to observe all organizational formalities necessary to preserve its separate existence, and has not and will not (a) terminate or fail to comply with the provisions of its organizational documents relating to bankruptcy remoteness or separateness, or (b) amend, modify or otherwise change its operating agreement or other organizational documents in any manner inconsistent with the covenants set forth in Section 6.14 of this Agreement, (x) has allocated fairly and reasonably any overhead expenses that are shared with any Affiliate, including shared office space, services, property or assets, and (xi) has not assumed or guaranteed or become obligated for the debts of any other Person and has not held itself out to be responsible for or have its credit available to satisfy the debts or obligations of any other Person.

(s) True and complete copies of all Transaction Documents that have been executed and delivered and remain in full force and effect have been delivered to the Collateral Agent.

(t) (1) None of the information in any agreement, document, certificate, exhibit, financial statement, book, record, material or report or other information furnished by or on behalf of the Borrower (A) in any Financing Documents, or (B) otherwise to the Issuer, the Trustee or the Collateral Agent with respect to the Project, when taken as a whole, contained any untrue statement of material fact or omitted to state a material fact necessary in order to make the statements contained therein not materially misleading as of the relevant date on which the same was provided in light of the circumstances in which such statements were made; and (2) any factual information provided by or on behalf of the Borrower in writing to the consultants for use

in connection with any reports relating to the Project or provided to the Collateral Agent, was provided in good faith and, to the Borrower's knowledge, was accurate and correct in all material respects as of the date it was delivered; provided that with respect to the representations and warranties in this clause (t), no representation or warranty is made as to any forecasts, projections, opinions or other forward looking statements contained in any such agreement, document, certificate, exhibit, financial statement, book, record, material or report or other information, except that such forecasts, projections, opinions or other forward looking statements were prepared or made in good faith and represented, in the reasonable opinion of the Borrower, reasonable estimates at the time made of the future performance of the Borrower and the Project based on assumptions believed by the Borrower to be reasonable at such time (it being understood that projections are not to be considered or regarded as facts, contain significant uncertainties and contingencies, many of which are beyond the control of the Borrower and actual results may differ significantly from projections).

(u) The Borrower is not an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

(v) All insurance required to be maintained by the Borrower under the Transaction Documents in effect has been obtained and is in full force and effect. All premiums due with respect thereto have been paid.

(w) No ERISA Event has occurred and is continuing or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to have a Material Adverse Effect.

(x) Neither the Borrower nor any ERISA Affiliate has incurred any withdrawal liability with respect to any Multiemployer Plan.

(y) Neither the Borrower nor any ERISA Affiliate has failed to satisfy the minimum funding requirements of Section 302 of ERISA or Section 412 of the Code with respect to any Pension Plan.

(z) The representations and warranties of the Borrower set forth herein, in the other Financing Documents or in certificates of the Borrower delivered in connection therewith as of the date made are true and correct in all material respects, except to the extent that such representations or warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date. The Borrower understands that all such representations and warranties have been and will be relied upon as an inducement by the Issuer to issue the Series 2020 Bonds.

(aa) As of the Closing Date (after giving effect to the repayment of any Indebtedness on such date and the termination of any related Security Interests), the Equity Participant owns, directly or indirectly, 100% of the equity interests in the Borrower and each intermediate holding entity free and clear of all Security Interests other than the Security Interests granted under the Financing Documents, such equity interests have been duly and validly authorized and issued, and there are no outstanding options, warrants, calls or other rights to subscribe for or otherwise acquire any of such equity interests, except for any of such rights in favor of the Equity Participant set forth in the Organizational Documents.

(bb) As of the Closing Date, the Borrower is treated as a “disregarded entity” for U.S. federal income tax and Texas corporate income tax purposes.

ARTICLE III

ISSUANCE OF THE SERIES 2020 BONDS

Section 3.01 Agreement to Issue the Taxable Series 2020B Bonds; Loan of Proceeds.

The Issuer hereby agrees to issue, sell and deliver the Taxable Series 2020B Bonds in accordance with the terms of the Indenture to provide for the financing of a portion of the costs of the Project. Upon the terms and conditions of this Senior Loan Agreement and the Indenture, the Issuer hereby agrees to make the Taxable Series 2020B Loan to the Borrower on the Closing Date in an amount equal to all of the proceeds of the Taxable Series 2020B Bonds. As more particularly described in the Certificate Regarding Receipt and Application of Proceeds executed and delivered on this date by the Issuer, the Borrower, the Lessee, the Trustee and the Underwriters, the Trustee shall apply the proceeds received from the sale of the Taxable Series 2020B Bonds on the Closing Date as follows: (i) to finance, pay or reimburse the costs of the Taxable Series 2020B Project; and (ii) to refund a portion of the Prior 2016 Bonds, fund certain reserves, if any, and pay certain costs of issuance of the Taxable Series 2020B Bonds

Section 3.02 Borrower to Provide Funds.

In the event that proceeds derived from the Taxable Series 2020B Loan, or any other available (or to be available) funds are not sufficient to cover the use of proceeds as described in Section 3.01 hereof, the Borrower shall not be entitled to any reimbursement from the Trustee for the payment of such excess costs nor shall the Borrower be entitled to any abatement, diminution or postponement of its payments hereunder.

Section 3.03 Loan to Finance the Taxable Series 2020B Project

The Borrower shall use the proceeds of the Taxable Series 2020B Loan (i) to finance, pay or reimburse the costs of the Taxable Series 2020B Project; and (ii) to refund a portion of the

Prior 2016 Bonds, fund certain reserves, if any, and pay certain costs of issuance of the Taxable Series 2020B Bonds.

Section 3.04 Security for Repayment of Loan.

Prior to or simultaneously with the delivery of this Senior Loan Agreement, the Borrower shall deliver the Security Documents (and, to the extent required to be delivered by the Security Documents, the possessory Collateral) required to be delivered on the Closing Date pursuant to the Bond Purchase Agreement to the Collateral Agent as security for the payments and obligations of the Borrower hereunder.

Section 3.05 Limitation of Issuer's Liability.

THE SERIES 2020 BONDS ARE SPECIAL AND LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM AND SECURED EXCLUSIVELY BY THE TRUST ESTATE ESTABLISHED UNDER THE INDENTURE, INCLUDING THE PAYMENTS TO BE MADE BY THE BORROWER UNDER THIS SENIOR LOAN AGREEMENT AND BY THE COLLATERAL. THE SERIES 2020 BONDS DO NOT CONSTITUTE INDEBTEDNESS OF THE ISSUER, THE STATE OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NOT CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE FULL FAITH AND CREDIT OF THE ISSUER NOR THE FULL FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020 BONDS. THE ISSUER HAS NO TAXING POWER.

No provision, covenant, or agreement contained in this Senior Loan Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute indebtedness or a liability of the Issuer within the meaning of any State constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Issuer or any member, officer or agent of the Issuer or a charge against the Issuer's general credit. In making the agreements, provisions and covenants set forth in this Senior Loan Agreement, the Issuer has not obligated itself except with respect to the application of the payments, as hereinabove provided.

No recourse shall be had for the payment of principal of, or premium, if any, or interest on any of the Series 2020 Bonds or for any claim based thereon or upon any obligation, covenant or agreement in this Agreement contained, against any past, present or future officer, director, member, trustee, employee or agent of the Issuer or any officer, director, member, trustee, employee or agent of any successor entity, as such, either directly or through the Issuer or any successor entity, under any rule of law or equity, statute or constitution or by enforcement by any

assessment or penalty or otherwise. The members of the Issuer, the officers and employees of the Issuer, or any other agents of the Issuer are not subject to personal liability or accountability by reason of any action authorized by the Act, including without limitation, the issuance of the Series 2020 Bonds, the failure to issue the Series 2020 Bonds, or the execution and delivery of the Series 2020 Bonds.

The Parties acknowledge that the Issuer will have no control over the application or use of the proceeds of the Taxable Series 2020B Loan or the Taxable Series 2020B Project. The Issuer does not by this Agreement or otherwise assume any obligation or affirmative duty to review, monitor, investigate, inspect or after the issuance of the Taxable Series 2020B Bonds, undertake any responsibility with respect to the Project, any change in the Borrower entity, or the application of Taxable Series 2020B Loan proceeds by the Borrower.

Section 3.06 Compliance with Indenture.

The Borrower shall take all action required to be taken by the Borrower in the Indenture as if the Borrower were a party to the Indenture.

ARTICLE IV

LOAN PROVISIONS

Section 4.01 Amounts Payable.

(a) (1) The Borrower hereby covenants and agrees to repay the Taxable Series 2020B Loan, as follows: on or before any Interest Payment Date for the Taxable Series 2020B Bonds or any other date that any payment of interest, principal, or Redemption Price on the Taxable Series 2020B Bonds is required to be made in respect of the Series 2020 Bonds pursuant to the Indenture, until the payment of interest, principal, or Redemption Price on the Series 2020 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in the applicable Account of the Debt Service Fund will enable the Trustee to pay to the Owners of the Series 2020 Bonds the amount due and payable on such date as interest, principal, or Redemption Price on the Taxable Series 2020B Bonds as provided in the Indenture.

(2) The Issuer hereby directs the Borrower and, subject to the Indenture or the Collateral Agency Agreement, as applicable, the Borrower hereby agrees to pay to the Trustee at the Designated Payment Office of the Trustee all payments payable by the Borrower in respect of the Taxable Series 2020B Loan pursuant to this subsection.

(b) The Borrower also shall pay to the Issuer the Issuer's reasonable administrative expenses in connection with the Taxable Series 2020B Bonds, and any other reasonable fees,

costs and expenses incurred by the Issuer, its counsel or its financial advisor under the Indenture, this Senior Loan Agreement or any other Financing Document, as and when the same become due upon submission by the Issuer to the Borrower of a statement therefor. Without limiting the generality of the foregoing, the Borrower acknowledges that in the event of an examination, inquiry or related action by the Internal Revenue Service, SEC or any other Governmental Authority (having jurisdiction with respect to the Series 2020 Bonds or the Project) with respect to the Series 2020 Bonds or the exclusion of interest thereon from the gross income of the holders thereof for federal income tax purposes, the Issuer may be treated as the responsible party, and the Borrower agrees to respond promptly and thoroughly to the reasonable satisfaction of the Issuer, its counsel and its financial advisor to such examination, inquiry or related action on behalf of the Issuer, and shall pay all costs and expenses of the Issuer, its counsel and its financial advisor associated with such examination, inquiry or action, including without limitation, any and all costs, fees and expenses of the Issuer and its counsel. The Borrower shall indemnify and hold harmless the Issuer, its counsel and its financial advisor against any and all costs, losses, claims, penalties, damages or liability of or resulting from such examination, inquiry or related action by the Internal Revenue Service.

(c) The Borrower also will pay pro rata the reasonable fees and expenses of the Trustee, including without limitation any fees or expenses incurred pursuant to Section 8.2(b) of the Indenture, and all other amounts which may be payable to the Trustee under the terms of the Indenture or in accordance with any contractual arrangement between the Borrower and the Trustee with respect thereto.

(d) In the event that the Borrower should fail to make any of the payments required in this Section, the amount so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent provided under the Indenture or under the fee agreement between the Borrower and the Trustee or as permitted by law, from the date when such payment was due, at a rate per year equal to the highest yield on any Outstanding Series 2020 Bonds.

(e) To the extent any moneys have been deposited by the Borrower, or on the Borrower's behalf, into any Account or subaccount of the Debt Service Fund for the purpose of paying interest on and principal of the Taxable Series 2020B Bonds when due, the Borrower's payment obligations pursuant this Section 4.01 with respect to the applicable Interest Payment, Principal Payment, mandatory tender or redemption of such Bonds will be deemed satisfied.

Section 4.02 Obligations of Borrower Unconditional.

The obligations of the Borrower to make the payments required in Section 4.01 hereof and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or

recoupment arising out of (a) any breach by the Issuer or the Trustee of any obligation to the Borrower, whether hereunder or otherwise, or (b) any indebtedness or liability at any time owing to the Borrower by the Issuer or the Trustee, and, until such time as the principal of, premium, if any, and interest on the Series 2020 Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Borrower (1) will not suspend or discontinue any payments provided for in Section 4.01 hereof, (2) will perform and observe all other agreements contained in this Senior Loan Agreement and the Security Documents and (3) except as otherwise provided herein, will not terminate this Senior Loan Agreement or any of the Security Documents for any cause, or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Senior Loan Agreement. Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained, and in the event the Issuer should fail to perform any such agreement on its part, the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel performance so long as such action does not abrogate the obligations of the Borrower contained in the first sentence of this Section.

ARTICLE V

PREPAYMENT AND REDEMPTION

Section 5.01 Prepayment and Redemption.

(a) Optional Prepayment. The Borrower shall have the option to prepay its obligations hereunder at the times and in the amounts as necessary to cause the Issuer to redeem the Series 2020 Bonds in accordance with the terms of the Indenture and the Series 2020 Bonds. The Issuer, at the request of the Borrower, if applicable, shall forthwith take all steps (other than the payment of funds necessary to effect such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the Outstanding Series 2020 Bonds, as may be specified by the Borrower and required by the Indenture, on the date established for such redemption. Upon any such redemption in full and payment of all amounts required by Article 11 of the Indenture, this Agreement shall terminate as provided in Section 9.01 hereof.

(b) Mandatory Prepayment. If, and to the extent, a portion of the Project was, or was contemplated to be, funded or reimbursed with proceeds of FTAI Credit Agreement Refinancing Indebtedness, and such portion of the Project is abandoned at or prior to its respective Substantial Completion Deadline, then the Borrower shall (i) repay or prepay, to the extent permitted under applicable definitive documentation, and on a pro rata basis, any Senior Indebtedness outstanding with any amounts relating to such portion of the Project then in the Construction Account, together with the amount of any related liquidated damages, delay or similar payments

from contract counterparties developing or constructing such portion of the Project (less costs of collection, including reasonable attorneys' fees) and (ii) terminate the unused committed availability under the applicable definitive documentation for the FTAI Credit Agreement Refinancing Indebtedness in an amount equal to the remaining costs of such portion of the Project. The Borrower shall not otherwise reduce the committed availability under any FTAI Credit Agreement Refinancing Indebtedness except in accordance with the previous sentence.

(c) Prepayment upon Certain Asset Sales. The Borrower shall apply the Net Cash Proceeds received with respect to any sales or dispositions of equipment, property or other assets as permitted under clause (a) of the definition of "Permitted Sales and Dispositions" (the "*Asset Sale Proceeds*") to prepay or repay, to the extent permitted under applicable definitive documentation, and on a pro rata basis, any Senior Indebtedness outstanding, provided that the Borrower shall not be required to make a prepayment in respect of the Asset Sale Proceeds under this clause (c) to the extent (x) the Asset Sale Proceeds are applied to repair, replace or restore assets of the Project, or acquire other assets to be used in the Project, within 270 days following the receipt thereof, or (y) the Borrower or any of its Affiliates has committed to so apply the Asset Sale Proceeds during such 270-day period and the Asset Sale Proceeds are so applied within 180 days after the expiration of such 270-day period.

ARTICLE VI

SPECIAL COVENANTS

Section 6.01 Completion of the Project.

The Borrower shall use commercially reasonable efforts to pursue and complete the construction of the Project as described in the Limited Offering Memorandum.

The Borrower shall not abandon the Project, which abandonment shall be deemed to have occurred solely if the Borrower, without reasonable cause, (a) expressly declares in writing that it will not resume work on the Project or (b) fails to pursue the construction of the Project or fails to operate the Project for a period of ninety (90) consecutive days, which period shall be in addition to any period during which a Force Majeure Event shall have occurred and be continuing up to an additional ninety (90) consecutive days.

Section 6.02 Maintenance of Existence.

Throughout the term of this Senior Loan Agreement, other than in connection with a transfer permitted pursuant to Section 6.16 of this Agreement, the Borrower shall maintain (a) its legal existence as a limited liability company, (b) its good standing and qualification to do business in the State and in every jurisdiction where such qualification is required by applicable law, except where the failure to so qualify would not reasonably be expected to have a Material Adverse Effect, and (c) all material rights, franchises, privileges and consents necessary for the

maintenance of its existence and for the development, operation and maintenance of the Project, except to the extent the Borrower reasonably determines that the failure to maintain any such rights, franchises, privileges and consents would not reasonably be expected to result in a Material Adverse Effect.

Section 6.03 Operation and Maintenance of Project.

The Borrower shall operate and maintain the Project (or cause the same to be operated and maintained) in good working order and condition (ordinary wear and tear excepted) and otherwise in accordance with the Transaction Documents and make all necessary repairs, renewals and replacements with respect thereto that are necessary, in each case, to permit the Project to operate in accordance with Prudent Industry Practice, in accordance in all material respects with the Transaction Documents and in compliance in all material respects with applicable laws and Governmental Approvals material to the conduct of its business and the terms of the Insurance required under Section 6.04 hereof, except to the extent that the failure to do any of the foregoing would not reasonably be expected to have a Material Adverse Effect.

Notwithstanding the foregoing, the Borrower shall not initiate or consent to any Capital Project (other than the Project) or any Additional Project the cost of which would reasonably be expected to exceed \$50,000,000, unless (a) such Capital Project or Additional Project is funded with the proceeds of Permitted Indebtedness and/or Additional Equity Contributions, (b) the Borrower certifies in its reasonable opinion that: (1) such Capital Project or Additional Project is not reasonably expected to result in a Material Adverse Effect, (2) such Capital Project or Additional Project is not expected to have a material adverse effect on the operation, performance, value or remaining useful life of the Project and the payment of the Bonds, and (3) adequate funds are and are expected to be available to complete construction of such Capital Project or Additional Project, or (c) such Capital Project or Additional Project is otherwise required by applicable Law.

Section 6.04 Insurance.

(a) The Borrower shall maintain or shall require its contractors to maintain Insurance that is required to be obtained by the Borrower and its contractors to satisfy the requirements set forth in **Attachment B** of this Agreement (such coverage to include provisions waiving subrogation against the Issuer, the Trustee, the Collateral Agent and all other Secured Parties, except in the case of Insurance for professional liability or workers' compensation). Such policies, to the extent they are commercial general liability policies, shall name the Collateral Agent, on behalf of the Secured Parties, as additional insured, and to the extent they are casualty policies, as loss payee as its interests may appear (pending any existing contractual overrides). Each Insurance policy required to be obtained by the Borrower shall require the insurer or insurance broker to endeavor to provide at least thirty (30) days (or such shorter period, if any, as

is available on a commercially reasonable basis) prior written notice of cancellation, termination or lapse in coverage by the insurer to the Trustee and the Collateral Agent.

(b) The Borrower shall not take, or fail to take, any action, which would result in any Insurance obtained by the Borrower, lapsing, becoming cancelled or otherwise being rendered void, voidable or ineffective and shall not cancel or vary any policy of Insurance required to be maintained by it in either case unless (i) this Agreement requires or permits otherwise or (ii) such Insurance is (prior to its cessation) replaced by Insurance that satisfies the insurance requirements set forth in **Attachment B** to this Agreement.

(c) Prior to expiration of any such policy or upon renewal, the Borrower shall furnish the Trustee and the Collateral Agent with evidence that the policy or certificate has been renewed or replaced in compliance with this Senior Loan Agreement or is no longer required by this Senior Loan Agreement.

(d) No later than ninety (90) days after the end of every third (3rd) Fiscal Year of the Borrower, starting with the Fiscal Year ending December 31, 2020, the Borrower shall cause an independent insurance agent, provider or consultant qualified to survey risks and to recommend insurance coverage for facilities and organizations engaged in like operations, to deliver a report to the Borrower, the Trustee and the Collateral Agent stating whether the Borrower is in compliance with the foregoing requirements as of the last day of such Fiscal Year and to make recommendations concerning insurance coverages maintained by the Borrower. The Borrower will promptly comply with the recommendations made in such report to the extent that the recommended coverage is available to the Borrower on commercially reasonable terms. The Borrower shall provide the Issuer with a copy of such report promptly upon the written request of the Issuer.

(e) In the event the Borrower shall fail to maintain, or cause to be maintained, the full Insurance coverage required by this Senior Loan Agreement, the Trustee or the Collateral Agent may (but shall be under no obligation to), after thirty (30) days written notice to the Borrower, contract for the required policies of Insurance and pay the premiums on the same; and the Borrower agrees to reimburse the Trustee and the Collateral Agent to the extent of the amounts so advanced by them or any of them with interest thereon at a rate per year equal to the highest yield on any Outstanding Series 2020 Bonds, from the date of advance to the date of reimbursement. In the event the Borrower shall fail to keep or cause to be kept the Project in good repair and good operating condition (ordinary wear and tear excepted), the Issuer, the Trustee or the Collateral Agent may (but shall be under no obligation to), after thirty (30) days written notice to the Borrower (except in the event of an emergency or if necessary to preserve Borrower's interest in any real estate), make any required repairs, renewals and replacements; provided, however, if any repairs, renewals or replacements are not susceptible of being

completed within thirty (30) days, if Borrower commences such repairs, renewals and replacements within such 30-day period and diligently prosecutes such actions to completion thereafter, the Trustee or the Collateral Agent will not be entitled to make such required repairs, renewals and replacements, unless such actions are necessary in an emergency or to preserve Borrower's interest in any real estate and the Borrower agrees to reimburse the Trustee and the Collateral Agent to the extent of the amounts so advanced by them or any of them with interest thereon at a rate per year equal to the highest yield on any Outstanding Series 2020 Bonds, from the date of advance to the date of reimbursement. Any amounts so advanced by the Trustee or the Collateral Agent shall become an additional obligation of the Borrower, shall be payable on demand, and shall be deemed a part of the obligations of the Borrower.

(f) The Borrower shall use commercially reasonable efforts to enforce the obligations of all providers of Insurance policies under the insurance policies issued to the Borrower or with respect to the Project as required pursuant to this Section 6.04 and shall use commercially reasonable efforts to enforce the obligations of all other parties to the Transaction Documents to maintain Insurance as required by the applicable Transaction Document.

Section 6.05 Accounts and Reporting.

(a) The Borrower shall keep proper records and books of accounts in which entries shall be made of its transactions in accordance with GAAP. Such records and books shall, to the extent permitted by Law, be subject to the inspection of the Issuer, the Collateral Agent and the Trustee or their respective representatives upon reasonable notice and at reasonable times during business hours, provided that absent an Event of Default the Borrower shall not be responsible for the cost of any such inspection in excess of once each year. The Borrower will permit the Issuer, the Collateral Agent and the Trustee, upon prior reasonable notice and at reasonable times, to take copies and extracts from such books, and records, and will from time to time furnish, or cause to be furnished, to the Issuer, the Collateral Agent and the Trustee such information and statements as the Issuer, the Collateral Agent or the Trustee may reasonably request, all as may be reasonably necessary for the purpose of determining performance or observance by the Borrower of its obligations under this Senior Loan Agreement. Nothing in this paragraph shall require the Borrower to disclose trade secrets, violate confidentiality or non-disclosure agreements, violate applicable law or waive attorney-client privilege.

(b) The Borrower shall deliver to the Collateral Agent and, upon request, to the Issuer copies of all reports of the Technical Advisor for the Project received by the Borrower.

(c) The Borrower agrees to promptly furnish to the Collateral Agent notice of any amendments or modifications to the Financing Documents.

Section 6.06 Project Accounts.

The Borrower shall establish and maintain each Fund or Account, including the Project Accounts and other accounts required from time to time by the Financing Documents and shall not maintain or permit to be maintained any other accounts other than (i) accounts used exclusively as payroll and payroll tax accounts, workers' compensation and other employee wage and benefit payment and trust accounts, (ii) any special purpose account which holds only cash or securities collateral that is subject to a Permitted Security Interest and (iii) as otherwise permitted or contemplated in the Collateral Agency Agreement, the Indenture, or the other Financing Documents.

Section 6.07 Compliance with Laws.

The Borrower shall comply with, and shall ensure that the Project is operated in compliance with, all applicable Laws and Governmental Approvals, including Environmental Laws, as and when required, except, in each case, for any failure to comply which would not reasonably be expected to have a Material Adverse Effect.

Section 6.08 Use of Proceeds; Tax Covenant.

(a) Use of Proceeds. The Borrower shall use the Taxable Series 2020B Loan as further described in Section 3.03.

(b) Tax Covenant. The Borrower covenants for the benefit of the Issuer and the Owners of the Series 2020A Bonds that it will not take any action or omit to take any action with respect to the Series 2020A Bonds, the proceeds thereof, any other funds of the Borrower or any of the facilities financed with the proceeds of the Series 2020A Bonds if such action or omission would cause the interest on the Series 2020A Bonds to lose its excludability from gross income for federal income tax purposes under Section 103 of the Code. This paragraph (b) shall not apply to Taxable Bonds.

(c) The Borrower further covenants, represents and warrants that the procedures set forth in the Federal Tax Certificate implementing the covenant in paragraph (a) shall be complied with to the extent necessary to comply with the covenant in paragraph (b).

(d) Neither the Borrower nor its owners shall take any action to cause the Borrower to become treated as an association (or publicly traded partnership) taxable as a corporation for U.S. federal, state or local income tax purposes.

Section 6.09 Further Assurances and Corrective Instruments.

The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out

the expressed intentions of this Senior Loan Agreement and the Indenture, including as may be reasonably necessary or desirable for establishing, maintaining, assuring, conveying, granting, assigning, securing, perfecting and confirming the pledge of the Trust Estate and the lien thereon as set forth in the Indenture and the Security Interests (whether now existing or hereafter arising) granted by or on behalf of the Borrower to the Collateral Agent for the benefit of the Secured Parties, pursuant to the Security Documents, or intended so to be granted pursuant to the Security Documents, or which the Borrower may become bound to grant, and the subject of each such Security Interest will comply with the requirements under the Financing Documents and the Borrower's representations and warranties in Section 2.02 hereof.

Section 6.10 Issuer and Borrower Representatives.

Whenever under the provisions of this Senior Loan Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given for the Issuer by an Issuer Representative and for the Borrower by a Responsible Officer of the Borrower and the Trustee and the Collateral Agent, as applicable, shall be permitted to rely on, and shall be protected in acting upon, such approval.

Section 6.11 Recording and Filing; Other Instruments.

The Borrower shall file and refile and record and re-record or shall cause to be filed and re-filed and recorded and re-recorded all instruments required to be filed and re-filed and recorded or re-recorded and shall continue and perfect or cause to be continued and perfected the Security Interests created by the Indenture and the Security Documents of such instruments for so long as any of the Series 2020 Bonds shall be Outstanding. The Issuer shall, upon the prior written request of the Borrower, execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable in order to enable the Borrower to fulfill its obligations as provided in this Section 6.11 and the Security Documents.

Section 6.12 Approvals; Governmental Authorizations.

At all times, the Borrower shall obtain on a timely basis and thereafter maintain in full force and effect, or in the case of such permits as are required to be obtained by third parties, use reasonable efforts to cause such third parties to obtain and thereafter maintain in full force and effect, all Governmental Approvals necessary as and when necessary for the construction, use or operation of the Project, as applicable, or as and when required from and after the Closing Date to comply with its obligations under the Transaction Documents, except where the failure to obtain or maintain any such Governmental Approval would not reasonably be expected to have a Material Adverse Effect.

Section 6.13 Taxes.

(a) The Borrower shall pay as the same respectively become due, (i) all taxes, assessments, levies, claims and charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the Taxable Series 2020B Project or the Borrower (including, without limiting the generality of the foregoing, any tax upon or with respect to the income or profits of the Borrower from the Project and that, if not paid, would become a charge on the payments to be made under this Senior Loan Agreement prior to or on a parity with the charge thereon created by the Indenture and the Security Documents and including ad valorem, sales and excise taxes, assessments and charges upon the Borrower's interest in the Project), (ii) all utility and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Project, and (iii) all assessments and charges lawfully made by any governmental body for public improvements that may be secured by the Project, except, in the case of each of (i), (ii) and (iii) above, to the extent that any such taxes, assessments, levies, claims or other charges are being contested pursuant to Section 6.11(b) below or the failure to pay any such tax, assessment, levy, claim or other charge would not reasonably be expected to have a Material Adverse Effect.

(b) The Borrower may, at its expense, contest in good faith any such levy, tax, assessment, claim or other charge, but the Borrower may permit the items otherwise required to be paid under Section 6.11(a) to remain undischarged and unsatisfied during the period of such contest related to such items and any appeal therefrom only if the Borrower shall provide to the Trustee and the Collateral Agent an Opinion of Counsel to the Borrower (who may be in-house counsel to the Borrower) that by non-payment of any such items, the rights of the Trustee or the Collateral Agent with respect to this Senior Loan Agreement created by the assignment under the Indenture and the Security Documents, as to the rights assigned under this Senior Loan Agreement or any part of the payments to be made under this Senior Loan Agreement will not be materially endangered, nor will the Project or any part thereof or any of the Collateral be subject to loss or forfeiture. If the Borrower is unable to deliver such an Opinion of Counsel, the Borrower shall promptly pay or bond or cause to be satisfied or discharged all such unpaid items or furnish, at the expense of the Borrower, indemnity satisfactory to the Trustee and the Collateral Agent; but provided further, that any tax, assessment, charge, levy or claim shall be paid forthwith upon the commencement of proceedings to foreclose any lien securing the same. The Issuer, the Trustee and the Collateral Agent, at the expense of the Borrower, will cooperate fully in any such permitted contest.

(c) If the Borrower shall fail to pay any of the items required to be paid by it pursuant to (a) above, the Issuer, the Collateral Agent or the Trustee may (but shall be under no obligation to) pay the same, and any amounts so advanced therefor by the Issuer, the Collateral Agent or the Trustee shall become an additional obligation of the Borrower to the one making the advancement of such amounts, together with interest thereon at a rate per year equal to the

highest yield on any Outstanding Series 2020 Bonds, from the date of payment. The Borrower agrees to reimburse any such amounts on demand therefor.

(d) The Borrower shall furnish the Collateral Agent and the Trustee, upon reasonable written request, with proof of payment of any taxes, governmental charges, utility charges, insurance premiums or other charges required to be paid by the Borrower under this Senior Loan Agreement or any other Financing Document.

Section 6.14 Special Purpose Entity.

The Borrower and the Lessee have each observed from its date of formation and shall, from and after the Closing Date, comply with the following requirements whereby it:

(a) has maintained (if any) and will maintain its own separate books, records and bank accounts;

(b) at all times has held itself and will hold itself out to the public and all other Persons as a legal entity separate from any other Person (except for services rendered on its behalf pursuant to a management, service, operation or maintenance agreement with respect to its Permitted Activities, so long as the applicable party holds itself out as acting as an agent on behalf of it) and shall not identify itself or any of its Affiliates as a division or department or part of the other;

(c) has filed and will file its own tax returns (except to the extent that it (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) has not and will not commingle its assets or funds with assets or funds of any other Person;

(e) has conducted and will conduct Permitted Activities in its own name or a trade name registered, licensed to or trademarked (or subject to an application for trademark) by it (except for services rendered on its behalf pursuant to a management, service, operation or maintenance agreement with respect to its Permitted Activities, so long as the applicable party holds itself out as acting as an agent on behalf of it) and has strictly complied and will strictly comply with all organizational formalities necessary to maintain its separate existence;

(f) has maintained (if any) and will maintain, from and after the Closing Date, financial statements separate from any other Person and has not and will not have its assets listed as assets on the financial statements of any other Person; provided that, (i) for so long as the ultimate parent entity of the Borrower and the Lessee is FTAI, such assets may also be listed

under the “Jefferson Terminal” segment of the FTAI annual financial statements, (ii) if the ultimate parent entity of the Borrower and the Lessee is an entity other than FTAI but such entity’s annual financial statements contain a segment presentation substantially identical to FTAI’s “Jefferson Terminal” segment, such assets may also be listed under such segment and (iii) such assets may also be included in consolidated financial statements of its Affiliates, so long as (A) in any listing included in the annual financial statements referenced in clause (f)(i) or (ii) and/or in any consolidated financial statements of the Borrower and the Lessee with any of their Affiliates, footnotes are included to the effect that the Borrower and the Lessee are separate legal entities and that their assets and credit are not available to satisfy the debts, claims or other obligations of such ultimate Parent entity, Affiliates or any other Person, and (B) the assets of the Borrower and the Lessee are listed on a separate balance sheet within such annual or consolidated financial statements;

(g) has paid and intends to pay its own liabilities and expenses only out of its own funds and assets (as distinguished from the funds and assets of another Person) (provided that there exists sufficient cash flow available to it from the operation of its Permitted 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 it);

(h) has maintained and will 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 Affiliate, except upon terms and conditions 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 it in good faith and in accordance with Prudent Industry Practice;

(i) has paid and intends to pay its own liabilities and expenses, including the salaries of its own employees and consultants, if any, only out of its own funds and assets (as distinguished from the funds and assets of another Person), (provided that there exists sufficient cash flow available to it from the operation of its Permitted 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 it) and maintain (or contract with a management company for) a sufficient number of employees in light of its contemplated business operation;

(j) has not and will not assume or guarantee or become obligated for the debts or obligations of any other Person and has not and will not hold itself out to be responsible for or hold its credit or assets as being available to satisfy the debts or obligations of any other Person;

(k) has allocated and will allocate fairly and reasonably any overhead expenses that are shared with any Affiliate, including office space, services, property or assets;

(l) has used and will use, to the extent reasonably necessary in the operation of its Permitted Activities, separate stationery, invoices, and checks bearing its own name or a trade name registered, licensed to or trademarked (or subject to an application for trademark) by it and not bearing the name of any other entity unless such entity is clearly designated as being the Borrower's agent;

(m) has not pledged and will not pledge its assets or credit for the benefit of any Affiliate and has not and will not incur any Indebtedness other than Permitted Indebtedness;

(n) has corrected and will correct any known misunderstanding regarding its separate identity;

(o) has maintained and intends to maintain adequate capital in light of its contemplated business purpose, transactions, and liabilities, provided that there exists sufficient cash flow available to it from the operation of its Permitted 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 it;

(p) has kept and will keep minutes of meetings of its Board of Managers and observe all other formalities of limited liability companies necessary to maintain its separate existence, and has not failed and will not fail to comply with the provisions of its organizational documents relating to bankruptcy remoteness or separateness, or amend, modify or otherwise change its organizational documents in any manner inconsistent with the covenants set forth in this Section 6.14;

(q) has not acquired or held and will not acquire or hold any securities or evidence of indebtedness in any Affiliate or any other Person, other than Permitted Investments;

(r) has not acquired or held and will not acquire or hold ownership interests in any Affiliate or any other Person other than, in the case of the Borrower, its wholly-owned subsidiaries;

(s) has caused and will cause its managers, officers, agents, and other representatives to act at all times, consistently and in furtherance of the foregoing and in the best interests of it;

(t) be a limited liability company or, to the extent permitted pursuant to Section 6.16, corporation organized in the State of Delaware that has (i) at least one (1) Independent Manager and has not caused or allowed and will not cause or allow the manager of such entity to take any

voluntary Major Action unless the Independent Manager shall have participated in such vote and (ii) at least one springing member that will become the member of such entity upon the dissolution of the existing member;

(u) (i) has been, is, and will be organized solely for the acquisition, ownership, holding, marketing, operation, management, maintenance, repair, replacement, renovation, restoration, improvement, design, development, construction, financing and/or the refinancing of facilities for the transport, loading, unloading and storage of petroleum products and activities related, supplemental or incidental to any of the foregoing (collectively, the “Permitted Activities”); (ii) has not leased, owned or acquired and will not lease, own or acquire any property or assets not used or useful in or cash generated by its Permitted Activities ; and (iii) has not entered into and will not enter into any line of business or undertake or participate in activities other than Permitted Activities or terminate such business for any reason whatsoever;

(v) has not merged into or consolidated and will not merge into or consolidate with any Person, or, to the fullest extent permitted by law, dissolve, terminate, liquidate in whole or in part, transfer or otherwise dispose of all or substantially all of its assets, other than in connection with a transfer permitted pursuant to Section 6.16 of this Agreement, or change its legal structure (which for the avoidance of doubt, shall not be deemed to include changes in the legal structure of any direct or indirect member, partner or Affiliate, including through the addition or removal of entities in the legal structure for the purpose of forming or collapsing a holding entity structure, to the extent such changes are not otherwise prohibited by this Agreement);

(w) has not and will not permit any Affiliate or constituent party independent access to its bank accounts other than any manager acting pursuant to a management, service, operation or maintenance agreement, solely in its capacity as its agent under such agreement, and solely for its legitimate business purposes;

(x) has not maintained and will not maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person;

(y) has not made and will not make any loans or advances to any Person (other than deposits, prepayments or advances to third parties in the ordinary course of business, including, without limitation, payments to contractors, subcontractors, suppliers or service providers in the ordinary course of business);

(z) has not and will not have any of its obligations to holders of the Series 2020 Bonds (or Permitted Refinancing Indebtedness in respect thereof) guaranteed by an Affiliate; and

(aa) has not sought, effected or permitted, and to the fullest extent permitted by law, will not seek, effect, or permit any Person to seek or effect, its liquidation, dissolution, winding up, division (whether pursuant to Section 18-217 of the Act or otherwise), liquidation, consolidation or merger, in whole or in part, into another entity or transfer all or substantially all of its assets, and it has not been and will not be the product or subject of, or otherwise involved in. any limited liability company division (whether as a plan of division pursuant to Section 18-217 of the Act or otherwise).

Section 6.15 Organizational Documents. The Borrower shall comply with the terms and provisions of its Organizational Documents and shall not amend, alter, change or repeal the Special Purpose Provisions (as defined in the Organizational Documents) in any material respect adverse to the Issuer or the Collateral Agent, or permit the Special Purpose Provisions to be amended, altered, changed or repealed, in any material respect adverse to the Issuer or the Collateral Agent, in each case, without the prior written consent of the Collateral Agent.

Section 6.16 Limitation on Fundamental Changes; Sale of Assets, Etc.

(a) The Borrower shall not merge, consolidate or amalgamate unless the surviving entity is the Borrower, or enter into any demerger, reconstruction, partnership, profit-sharing or any analogous arrangement.

(b) The Borrower shall not (i) liquidate, dissolve or wind-up; (ii) convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all of its property, business or assets, or (iii) take any action that would result in the liquidation, dissolution or winding-up of the Borrower.

(c) The Borrower shall not sell, assign or dispose of or direct the Collateral Agent, as applicable, to sell, assign or dispose of, any material assets of the Project in excess of \$2,000,000 per year except for Permitted Sales and Dispositions.

Notwithstanding the foregoing, the Borrower may merge, consolidate or amalgamate with another Person or convey, sell, assign, transfer or otherwise dispose of all or substantially all of its property, business or assets to another Person so long as (x) such Person (the "Successor Borrower") is an entity organized or existing under the laws of the State of Delaware, (y) the Successor Borrower expressly assumes all of the obligations of the Borrower under this Agreement and the other Financing Documents pursuant to documents and in a manner reasonably satisfactory to the Trustee and the Collateral Agent and (z) such transaction does not otherwise involve a Change of Control. If the foregoing conditions under clauses (x), (y) and (z) are satisfied, the Successor Borrower shall become the "Borrower" hereunder and under each of the other Financing Documents and will succeed to, and be substituted for, the Borrower under this Agreement and the other Financing Documents.

Any assets sold or otherwise disposed of in Permitted Sales and Dispositions that constitutes a transfer of ownership, shall be sold free and clear of the Security Interest in favor of the Collateral Agent, which Security Interest shall be automatically released upon the consummation of such sale or other disposition. The Collateral Agent and the Trustee shall deliver such documents and instruments as the Borrower may request, including any subordination and non-disturbance agreements and reciprocal easement agreements, to evidence such release (or, at the Borrower's request, subordination of the Collateral Agent's security interest).

Section 6.17 Limitation on Indebtedness.

The Borrower shall not create, incur or assume any Indebtedness other than Permitted Indebtedness.

Section 6.18 Permitted Investments.

The Borrower shall not make or direct the Trustee or the Collateral Agent to make any investments of moneys credited to any of the Funds or Accounts other than Permitted Investments (as defined in the Indenture and the Collateral Agency Agreement, as applicable, as of the Closing Date) and under no circumstances shall the Trustee be required to make a determination as to whether an investment is a Permitted Investment (as defined in the Indenture and the Collateral Agency Agreement, as applicable, as of the Closing Date); provided that this Section 6.18 shall not prohibit or otherwise restrict the Borrower from making, or directing the Collateral Agent or the Trustee to make, deposits, prepayments or advance payments in the ordinary course of business with funds withdrawn from any Fund or Account, including, without limitation, payments to contractors, subcontractors, vendors, suppliers or service providers in the ordinary course of business.

Section 6.19 [Reserved].

Section 6.20 Change in Name, Place of Business or Fiscal Year.

The Borrower shall not, at any time:

(a) change its name, jurisdiction of formation, or principal place of business without giving the Trustee and the Collateral Agent at least fifteen (15) days prior written notice; or

(b) change its Fiscal Year without prior notice sent to the Trustee and the Collateral Agent at least thirty (30) days prior to such change.

Section 6.21 Negative Pledge.

The Borrower shall not create, incur, assume or permit to exist any Security Interest on any property or asset, including its revenues (including accounts receivable) or rights in respect of any thereof, now owned or hereafter acquired by it, except Permitted Security Interests.

Section 6.22 Access to the Project.

The Borrower shall give the Trustee, the Collateral Agent and their respective consultants and representatives access to the Project, at the sole cost of such Persons, at any reasonable time during regular business hours and as often as may reasonably be requested, and, upon reasonable prior notice to the Borrower, in each case during official business hours and in a manner that cannot reasonably be expected materially to interfere with or disrupt the performance by the Borrower or any other party of its obligations with respect to the construction and operation of the Project, and permit the Trustee, the Collateral Agent and their respective consultants and representatives to discuss the Project and the business, accounts, operations, properties and financial and other conditions of the Borrower with officers of the Borrower and to witness (but not cause) the performance and other tests conducted pursuant to any Material Project Contract, subject to all applicable confidentiality undertakings. The Borrower shall offer all reasonable assistance to such Persons in connection with any such visit. Upon the occurrence and during the continuance of a Potential Event of Default or an Event of Default, if the Trustee or the Collateral Agent requests that any of its consultants or representatives be permitted to make such visit, the reasonable fees and expenses of the Trustee, the Collateral Agent and their respective consultants and representatives in connection with such visit shall be paid by the Borrower at its sole expense. Nothing in this section shall require the Borrower to disclose trade secrets, violate confidentiality or non-disclosure agreements, violate applicable law or waive attorney-client privilege.

Section 6.23 Nationally Recognized Rating Agencies.

(a) The Borrower shall use commercially reasonable efforts to cooperate with each Nationally Recognized Rating Agency then rating the Series 2020 Bonds, if any, and, if applicable, any Additional Parity Bonds, in connection with any review which may be undertaken by such Nationally Recognized Rating Agency.

(b) The Borrower shall deliver to the Issuer and the Trustee copies of any reports or ratings on the Series 2020 Bonds or, if applicable, any Additional Parity Bonds, from any Nationally Recognized Rating Agency.

(c) The Borrower shall enter into and comply with reasonable and customary “ratings surveillance” agreements with any Nationally Recognized Rating Agency then rating the Series 2020 Bonds, if any, and, if applicable, any Additional Parity Bonds.

Section 6.24 Continuing Disclosure

The Borrower hereby covenants and agrees to comply with the continuing disclosure requirements promulgated under Rule 15c2-12, as it may from time to time hereafter be amended or supplemented, in accordance with the provisions of the continuing disclosure undertaking

delivered by the Borrower in connection with the issuance of the Series 2020 Bonds. Failure of the Borrower to comply with the requirements of Rule 15c2-12, as amended or supplemented, shall not be an Event of Default hereunder. The Borrower acknowledges and agrees that the Issuer and the Trustee shall have no liability with respect to these obligations.

Section 6.25 Material Project Contracts

The Borrower will perform all of its obligations and enforce all of its rights under each Material Project Contract, except to the extent that failure to perform its obligations or enforce such rights would not reasonably be expected to have a Material Adverse Effect. The Borrower shall not amend or waive in any material respect or terminate or assign any Material Project Contract without the prior written confirmation from the Technical Advisor to the effect that such amendment, waiver, termination or assignment would not reasonably be expected to have a Material Adverse Effect; provided that, without such confirmation (a) the Borrower may enter into change orders under any Material Project Contract if either (i) such change will not, together with all prior change orders, require the additional payment (net of any decreases resulting from such change order or prior change orders) by the Borrower in excess of, in the aggregate, \$25,000,000 or (ii) such change order will be funded from any combination of Additional Parity Bonds, Additional Equity Contributions, Permitted Additional Senior Indebtedness or Permitted Subordinated Indebtedness; and (b) the Borrower may amend, waive or terminate any Material Project Contract if such amendment, modification, waiver or termination would not reasonably be expected to have a Material Adverse Effect.

Section 6.26 No Distributions. (a) The Borrower will not declare or pay dividends or make any distributions, except in accordance with the Flow of Funds set forth in the Collateral Agency Agreement as in effect on the Closing Date; provided that this restriction shall not be deemed to preclude the Borrower from paying Project Costs or making any O&M Expenditures.

(b) As promptly as practicable following the Closing Date (and within any event, prior to March 15, 2020), the Borrower shall deliver to the Collateral Agent executed copies of Account Control Agreements for the Operating Account, the Equity Funded Account and the Collection Account (collectively, the "Specified Accounts"). Notwithstanding anything to the contrary set forth herein, in the Collateral Agency Agreement or in the Indenture, the Borrower shall not, and shall not permit any of its Subsidiaries to, direct or cause the Collateral Agent or the Trustee to transfer amounts from any Securities Account into a Specified Account, nor shall the Borrower or any of its Subsidiaries otherwise cause funds to be transferred into such Specified Accounts, in each case unless and until such Account Control Agreements have been executed and delivered by all parties thereto. Pending the execution and delivery of such Account Control Agreements, the Borrower and its Subsidiaries may utilize amounts in accounts with the Deposit Bank (other than the Specified Accounts) existing as of the date hereof for working capital and other general corporate purposes.

Section 6.27 Technical Advisor. The Borrower shall retain an Technical Advisor in order to satisfy all requirements of the Financing Documents pertaining to the Technical Advisor.

Section 6.28 Hazardous Materials. The Borrower shall not cause any releases of Hazardous Materials at the Project site that would be reasonably likely to result in an environmental claim against the Borrower or the Project, other than those environmental claims that, individually or in the aggregate, would not be reasonably expected to result in a Material Adverse Effect.

Section 6.29 Collateral Assignment of Material Project Contracts. The Borrower acknowledges that it has collaterally assigned all of its right, title and interest in and to each Material Project Contract to which it is a party to the Collateral Agent pursuant to the Security Agreement. The Borrower covenants and agrees that, to the extent that it enters into any Material Project Contract after the Closing Date, then with respect to such Material Project Contract, the Borrower shall use reasonable good faith efforts to require each party to any such Material Project Contract to execute and deliver to the Collateral Agent an acknowledgment of the collateral assignment, containing substantially the same language or language to similar effect, as set forth on Schedule 6.28.

Section 6.30 Covenants Applicable to the Subsidiaries of the Borrower and to the Lessee. The Borrower agrees to cause its Subsidiaries to comply with the covenants in Article VI to the extent applicable. The Lessee hereby agrees to comply with Sections 6.01, 6.02, 6.05(a) and (c), 6.06, 6.08, 6.11, 6.14, 6.15, 6.16(a), 6.17, 6.18, 6.20, 6.21, 6.22, 6.23, 6.24, 6.26 and 6.27 in this Article VI; provided that all references to the “Borrower” shall be deemed to refer to the Lessee, all references to the “Senior Loan Agreement” shall be deemed to refer to the Facilities Lease, all references to the “Taxable Series 2020B Bonds” shall be deemed to refer to the Series 2020A Bonds and all references to the “Taxable Series 2020B Project” shall be deemed to refer to the “Series 2020A Project”.

ARTICLE VII

ASSIGNMENT; INDEMNIFICATION

Section 7.01 Assignment.

Except as expressly contemplated herein, in the Indenture and in the Security Documents, neither the Borrower nor the Issuer may assign its interest in this Senior Loan Agreement. In the event of any permitted assignment of its interest in this Senior Loan Agreement by the Issuer, the Issuer (solely for this purpose as a non-fiduciary agent on behalf of the Borrower) shall maintain or cause to be maintained a register for interests in this Senior Loan Agreement in which it shall register the issuance and transfer of such interests. All transfers of such interests shall be recorded on the register maintained by the Issuer or its agent, the register shall be conclusive absent manifest error, and the parties hereto shall regard the registered holder of such interests as the actual owner thereof for all purposes. To the extent that a particular permitted assignment by the Issuer is expressly identified in this Senior Loan Agreement or the Indenture, as the same may be amended, respectively, this Senior Loan Agreement or the Indenture may constitute a register for the purposes of this Section 7.01.

Section 7.02 Release and Indemnification Covenants.

(a) The Borrower shall and hereby agrees to indemnify, defend, hold harmless and save the Issuer, the Trustee, and the members, servants, officers, counsel to the Issuer, employees, advisors and other agents, now or hereafter, of the Issuer or the Trustee (each an “indemnified party”) harmless against and from all claims, demands, suits, actions or proceedings, including expenses related thereto, whatsoever by or on behalf of any Person arising from or purporting to arise from this Senior Loan Agreement, the Indenture, the Series 2020 Bonds, the other Financing Documents, or the transactions contemplated thereby, including without limitation, (1) any condition of the Project or the Borrower’s operation of the Project, (2) any breach or default on the part of the Borrower in the performance of any of its obligations under this Senior Loan Agreement, including, without limitation, the Borrower’s payment obligations with respect to the Taxable Series 2020B Loan as set forth in Section 4.01 hereof, (3)

any act or negligence of the Borrower or of any of its agents, contractors, servants, employees or licensees, (4) any act or negligence of any assignee or lessee of the Borrower, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Borrower, or (5) the Issuer's authorization, approval or execution of the Series 2020 Bonds, the Financing Documents or any other documents, opinions, certificates or agreements executed in connection with the transactions contemplated by this Senior Loan Agreement, the Indenture, the Series 2020 Bonds or the transactions contemplated thereby. The Borrower shall indemnify and save the Issuer, the Trustee, and the members, servants, officers, counsel to the Issuer, employees, advisors and other agents, now or hereafter, of the Issuer or the Trustee harmless from any such claim, demand, suit, action, including related expenses, or other proceeding whatsoever arising as aforesaid and upon notice from the Issuer or the Trustee, the Borrower shall defend such parties, as applicable, in any such action or proceeding.

(b) The Issuer and the Trustee, each separately agree that, upon the receipt of notice of the commencement of any action against the Issuer or the Trustee or their respective members, servants, officers, counsel to the Issuer, employees, advisors and other agents, now or hereafter, as applicable, or any Person controlling it as aforesaid, in respect of which indemnity, costs, expenses or defense may be sought on account of any agreement contained herein, the Issuer or the Trustee, as applicable, will promptly give written notice of the commencement thereof to the Borrower, but the failure so to notify the Borrower of any such action shall not relieve the Borrower from any liability hereunder to the extent it is not materially prejudiced as a result of such failure to notify and in any event shall not relieve it from any liability which it may have to the indemnified party otherwise than on account of such indemnity agreement. In case such notice of any such action shall be so given, the Borrower shall be entitled to participate at its own expense in the defense or, if it so elects, to assume the defense of such action, in which event such defense shall be conducted by counsel chosen by the Borrower and reasonably satisfactory to the indemnified party or parties who shall be defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them; but if the Borrower shall elect not to assume the defense of such action, the Borrower will reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them; provided, however, if the defendants in any such action (including impleaded parties) include both the indemnified party and the Borrower and counsel for the Borrower shall have reasonably concluded that there may be a conflict of interest involved in the representation by a single counsel of both the Borrower and the indemnified parties, the indemnified party or parties shall have the right to select separate counsel, at the Borrower's expense and satisfactory to the Borrower, to participate in the defense of such action on behalf of such indemnified party or parties (it being understood, however, that the Borrower shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) representing the indemnified parties who are parties to such action).

(c) Without the consent of the Borrower neither the Trustee nor the Issuer shall settle, compromise or consent to the entry of any judgment in any claim in respect of which indemnification may be sought under the indemnification provision of this Senior Loan Agreement, unless such settlement, compromise or consent (1) includes an unconditional release of such other applicable party from all liability arising out of such claim and (2) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such other applicable party.

(d) Notwithstanding anything to the contrary contained herein, the Borrower shall have no liability to indemnify the Trustee against claims or damages resulting from such parties' own gross negligence or willful misconduct, or the Issuer against claims or damages resulting from such parties' own willful misconduct.

(e) The indemnification obligation of the Borrower under this Section 7.02 shall survive the termination of this Senior Loan Agreement or the resignation or removal of the Trustee.

ARTICLE VIII

EVENTS OF DEFAULTS AND REMEDIES

Section 8.01 Events of Default Defined.

Any one or more of the following events shall constitute "Events of Default" under this Senior Loan Agreement:

(a) Failure by the Borrower to pay any amount required to be paid under Section 4.01(a) hereof and, solely in the case of any such failure to pay interest, such failure is not remedied within five (5) Business Days after the applicable due date; or failure by the Borrower to pay any other amount required to be paid hereunder, which failure is not remedied within ten (10) days after notice in writing thereof is given by the Issuer or the Trustee to the Borrower;

(b) Failure by the Borrower and each of its Subsidiaries to observe and perform in any material respect any covenant, condition or agreement on its part to be observed or performed under this Senior Loan Agreement, the Indenture or any other Financing Document, other than as covered by another provision of this Section 8.01 and other than failure to observe or perform the covenants set forth in Section 6.24 and the Continuing Disclosure Agreement, and such non-compliance shall remain unremedied for a period of sixty (60) days after the earlier of (1) written notice specifying such failure shall have been given to the Trustee by the Borrower, or (2) written notice specifying such failure and requesting that it be remedied shall have been given to the Borrower by the Trustee or the Issuer, or such longer period as is reasonably necessary under the circumstances to remedy such failure, such extension not to exceed one

hundred twenty (120) days without prior written approval by the Trustee acting at the direction of the Majority Holders delivered by the Trustee pursuant to Section 10.3 of the Indenture;

(c) The occurrence of a Bankruptcy Event with respect to the Borrower;

(d) Any of the representations, warranties or certifications of the Borrower made in or delivered pursuant to any Financing Document, including this Senior Loan Agreement, shall prove to have been incorrect when made and a Material Adverse Effect would reasonably be expected to result therefrom, unless such misrepresentation is capable of being cured and is cured within thirty (30) days after the Borrower's receipt of written notice from the Trustee of such misrepresentation;

(e) An "Event of Default" occurs under Section 7.1(a) or 7.1(b) of the Indenture or any payment default occurs under any agreement or instrument involving any other Senior Indebtedness having a principal amount in excess of \$30,000,000 (such amount to be adjusted annually by an increase in the Consumer Price Index from the prior year) (after giving effect to any applicable grace periods and any extensions thereof);

(f) An "Event of Default" occurs under Section 7.1 of the Indenture or an event of default occurs under any agreement or instrument governing any other Senior Indebtedness with a principal amount in excess of \$30,000,000 (such amount to be adjusted annually by the increase in the Consumer Price Index from the prior year), in each case other than as described in clause (e) immediately above, beyond the grace period, if any, provided, but only where such Event of Default under Section 7.1 of the Indenture results in an acceleration of the Bonds then Outstanding under the Indenture or such event of default in respect of other Senior Indebtedness results in the holder or holders of such other Senior Indebtedness causing such Senior Indebtedness to become due prior to its stated maturity;

(g) An "Event of Default" occurs under the Facilities Lease;

(h) A non-appealable final judgment (to the extent such judgment is not paid or covered by insurance), which judgment in combination with all other such judgments is for an amount in excess of \$30,000,000 (such amount to be adjusted annually by the increase in the Consumer Price Index from the prior year), shall have been entered against the Borrower and, in the event such judgment is not covered by insurance, the same shall remain unsatisfied without any procurement of a stay of execution for a period of sixty (60) consecutive days after such judgment has become final;

(i) Any Security Document ceases, except in accordance with its terms or as expressly permitted under the Financing Documents, to be effective to grant a perfected Security Interest on any portion of the Collateral exceeding \$30,000,000 in fair market value, other than

as a result of actions or failure to act by the Trustee, the Collateral Agent or any other Secured Party;

(j) The Borrower fails to comply with its obligations under Section 6.01;

(k) Any Insurance required under Section 6.04 and the other Financing Documents is not, or ceases to be, in full force and effect at any time when it is required to be in effect and such failure continues for a period of ten (10) Business Days, unless such insurance is (prior to its cessation) replaced by insurance on substantially similar terms and as evidenced by a certificate from a duly qualified insurance broker confirming the same, which shall be sent to the Issuer and the Trustee;

(l) An ERISA Event has occurred which, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect; or

(m) Any event that constitutes a Change of Control has occurred,

Section 8.02 Remedies on Event of Default.

Whenever any Event of Default hereunder shall have occurred and be continuing, the Trustee shall have the right to, in conjunction with its available remedies under the Indenture, take one or any combination of the following remedial steps, by notice to the Borrower and the Collateral Agent:

(a) Declare that all or any part of any amount outstanding under this Senior Loan Agreement is (1) immediately due and payable, and/or (2) payable on demand by the Trustee, and any such notice shall take effect in accordance with its terms but only if all amounts payable with respect to the Outstanding Series 2020 Bonds are being accelerated pursuant to Section 7.2(c) of the Indenture, or if all of the Outstanding Series 2020 Bonds are being defeased pursuant to Article 11 of the Indenture or otherwise paid in full; provided that, upon the occurrence of an Event of Default under Section 8.1(c), all principal of, and accrued interest on the Taxable Series 2020B Loan shall be immediately due and payable without any presentment, demand or notice from any Person;

(b) Pursuant to the terms of any Security Document, direct the Collateral Agent or other applicable Secured Party to take or cause to be taken any and all actions necessary to implement any available remedies with respect to the Collateral under any of the Security Documents;

(c) Have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Borrower during regular business hours of the Borrower and following prior reasonable notice; or

(d) Take on behalf of the Owners whatever other action at law or in equity as may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligations, agreement or covenant of the Borrower under this Senior Loan Agreement or the rights of the Owners.

Any amounts collected pursuant to action taken under this Section and the Security Documents paid to the Trustee shall be applied in accordance with Section 7.3 of the Indenture.

Any rights and remedies as are given to the Issuer under this Senior Loan Agreement will also extend to the Owners of the Series 2020 Bonds, and the Trustee, subject to the provisions of the Indenture, will be entitled to the benefit of all covenants and agreements contained in this Senior Loan Agreement, subject to the terms of the Security Documents.

In case proceedings shall be pending for the bankruptcy or for the reorganization of the Borrower under the federal bankruptcy laws or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Borrower or in the case of any other similar judicial proceedings relative to the Borrower, or the creditors or property of the Borrower, then the Trustee shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to this Agreement and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee allowed in such judicial proceedings relative to the Borrower, its creditors or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute such amounts as provided in the Indenture after the deduction of its reasonable charges and expenses to the extent permitted by the Indenture. Any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Trustee, and to pay to the Trustee any amount due it for reasonable compensation and expenses, including reasonable expenses and fees of counsel incurred by it up to the date of such distribution.

Section 8.03 [Reserved].

Section 8.04 Rescission and Waiver.

(a) The Trustee shall rescind any acceleration and its consequences immediately after the acceleration of the Series 2020 Bonds has been rescinded in accordance with the Indenture.

(b) The Trustee shall waive any Event of Default immediately after any such Event of Default has been waived in accordance with the Indenture.

(c) The Trustee shall have the right to, but shall be under no obligation to (except with respect to clauses (a) and (b) of this Section 8.04), waive any other Event of Default at any time.

(d) In case of any such waiver or rescission, then and in every such case the Issuer, the Trustee and the Borrower shall be restored to their former positions and rights, but no such waiver shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 8.05 No Remedy Exclusive.

Subject to Section 7.2 of the Indenture, no remedy hereunder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Senior Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required by law or in this Article. Any such rights and remedies as are given to the Issuer hereunder shall also extend to the Owners of the Series 2020 Bonds, and the Trustee, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained, subject to the terms of the Security Documents.

Section 8.06 Agreement to Pay Attorneys' Fees and Expenses.

Following the occurrence and during the continuance of an Event of Default, if the Issuer shall employ attorneys or financial advisors or incur other expenses for the collection of payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will within thirty (30) days of request therefor pay to the Issuer the reasonable fees of such attorneys and such other reasonable and documented expenses so incurred by the Issuer in connection with the same. This Section shall continue in full force and effect, notwithstanding the full payment of all obligations under this Agreement or the termination of this Agreement for any reason.

Following the occurrence and during the continuance of an Event of Default, the Trustee may, at the Borrower's reasonable and documented costs and expense, employ or retain such counsel, accountants, appraisers or other experts or advisers as it may reasonably require for the purpose of determining and discharging its rights and duties hereunder and, in the absence of the Trustee's gross negligence, bad faith or willful misconduct in employing or retaining any such counsel, accountants, appraisers, experts or advisers, may act and rely and shall be protected in acting and relying in good faith on the opinion or advice of or information obtained from any

counsel, accountant, appraiser or other expert or advisor, whether retained or employed by the Borrower or by the Trustee, in relation to any matter arising in the administration hereof, and shall not be responsible for any act or omission on the part of any of them. In addition, the Trustee shall not be liable for any acts or omissions of its nominees, correspondents, designees, agents, subagents or subcustodians appointed with due care.

Section 8.07 No Additional Waiver Implied by One Waiver.

In the event any agreement contained in this Senior Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE IX

MISCELLANEOUS

Section 9.01 Term of Agreement.

Except to the extent otherwise provided herein, this Senior Loan Agreement shall be effective upon its execution and delivery and shall expire at such time as all of the Series 2020 Bonds and the fees and expenses of the Issuer and the Trustee shall have been fully paid or provision made for such payments, whichever is later; provided, however, that this Senior Loan Agreement may be terminated prior to such date pursuant to Article V of this Senior Loan Agreement and Article 11 of the Indenture, but in no event before all of the obligations and duties of the Borrower hereunder have been fully performed, including, without limitation, the payments of all costs and fees mandated hereunder or under any other Financing Document to which the Borrower is a party; provided further, however, that the indemnity obligation of the Borrower under Section 7.02 and the payment obligations of the Borrower under Section 4.01(b), (c) or (d) hereof shall survive the termination of this Senior Loan Agreement.

Section 9.02 Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows:

Issuer: Port of Beaumont Navigation District of
Jefferson County, Texas
1225 Main Street
Beaumont, Texas 77701
Attention: Chris Fisher, Port Director & CEO
Telephone: (409) 835-5367
Facsimile: (409) 835-0512
E-mail: dcf@portofbeaumont.com

with a copy to: Germer PLLC
550 Fannin, Suite 400
Beaumont, Texas 77701

Attention: Guy N. Goodson
Telephone: (409) 654-6730
Facsimile: (409) 835-2115
E-mail: GGoodson@germer.com

Trustee: Deutsche Bank National Trust Company
Trust and Agency Services
60 Wall Street, 24th Floor
Mail Stop: NYC60 - 2405
New York, New York 10005
Attention: Corporates Team, PORT OF BEAUMONT NAVIGATION
DISTRICT OF JEFFERSON COUNTY, TEXAS
Facsimile: (732) 578-4635

Borrower: Jefferson 2020 Bond Borrower LLC
c/o Jefferson Gulf Coast Energy Partners LLC
811 Louisiana Street
Houston, Texas 77002

Attention: General Counsel
Telephone: (3460) 272-6990
E-mail: sshaw@jeffersonenergyco.com

with a copy to: Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019

Attention: Brittain Rogers
Telephone: 212.474.1568
E-mail: brogers@cravath.com

Lessee: Jefferson 2020 Bond Lessee LLC
c/o Jefferson Gulf Coast Energy Partners LLC
811 Louisiana Street
Houston, Texas 77002

Attention: General Counsel
Telephone: (3460) 272-6990
E-mail: sshaw@jeffersonenergyco.com

A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower shall also be given to the Trustee. The Issuer, the Borrower and the Trustee may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall each be sent.

Section 9.03 Binding Effect.

This Senior Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee and the Owners of Series 2020 Bonds, and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 9.04 Severability.

In the event any provision of this Senior Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.05 Amendments, Changes and Modifications.

Subsequent to the issuance of Series 2020 Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Senior Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture.

Section 9.06 Execution in Counterparts.

This Senior Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.07 No Pecuniary Liability of the Issuer.

No provision, covenant or agreement contained in this Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness or liability of the Issuer within the meaning of any State constitutional provision or statutory limitation or shall constitute or give rise to a pecuniary liability of the Issuer or any member, officer, director, employee or agent of the Issuer or a charge against the Issuer's general credit. In making the Taxable Series 2020B Loan, the Issuer has not obligated itself except and solely to the extent provided in the Indenture.

Section 9.08 Applicable Law.

This Senior Loan Agreement shall be governed by and construed in accordance with the applicable laws of the State.

Section 9.09 Captions.

The captions and headings in this Senior Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Senior Loan Agreement.

Section 9.10 Limitation of Liability.

(a) No covenant, agreement or obligation contained herein shall be deemed to be a covenant, agreement or obligation of any present or future director, officer, employee, member or agent of the Issuer or the Borrower in his or her individual capacity, and no such director, officer, employee, member or agent thereof shall be subject to any liability under this Senior Loan Agreement or with respect to any other action taken by such person.

(b) Except as otherwise expressly set forth in the Financing Documents, the Secured Parties will have full recourse to the Borrower and all of its assets and properties for the liabilities and obligations of the Borrower under the Financing Documents, but in no event will any Affiliates of the Borrower, or any officer, director, member or holder of any interest in the Borrower or any Affiliates of the Borrower, be liable or obligated for such liabilities and obligations of the Borrower other than to the extent arising directly as a result of any pledge of an ownership interest in the Borrower by any owner of such interest.

(c) Notwithstanding anything in subsection (b) of this Section, nothing in said subsection (b) shall limit or affect or be construed to limit or affect the obligations and liabilities of any Affiliate of the Borrower (1) arising under any Financing Document to which such Affiliate of the Borrower is a party, or (2) arising from any liability pursuant to any applicable law for such Affiliate of the Borrower's fraudulent actions, bad faith or willful misconduct.

(d) Except for such claims or actions arising directly from the gross negligence, bad faith or willful misconduct of the Issuer, the Issuer shall not be liable to any Person for any environmental claims or contribution actions under any federal, state or local law, rule or regulation by reason of the Issuer's actions and conduct as authorized, empowered and directed hereunder or relating to the discharge, release or threatened release of hazardous materials into the environment.

Section 9.11 Parties Interested Herein.

Except as otherwise expressly provided in this Agreement, this Agreement shall be for the sole and exclusive benefit of the Issuer and the Borrower, and their respective successors and assigns. Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any Person other than the Issuer and the Borrower, any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any terms hereof. To the extent that this Agreement or the Indenture confers upon or gives or grants to the Collateral

Agent, the Trustee or the Owners any right, remedy or claim under or by reason of this Agreement or the Indenture, the Collateral Agent, the Trustee and the Owners are hereby explicitly recognized as being third-party beneficiaries hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder or under the Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Senior Loan Agreement to be executed in their respective corporate names all as of the date 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 (Executive Director)

[SEAL]

ATTEST:

Assistant Secretary

JEFFERSON 2020 BOND BORROWER LLC

By: /s/ Demetrios Tserpelis

Name: Demetrios Tserpelis

Title: Authorized Signatory

JEFFERSON 2020 BOND LESSEE LLC, solely for those certain covenants in Article VI

By: /s/ Demetrios Tserpelis

Name: Demetrios Tserpelis

Title: Authorized Signatory

ATTACHMENT A

PROVISIONS EVIDENCING THE SUBORDINATION

OF PERMITTED SUBORDINATED DEBT

Permitted Subordinated Debt shall be issued pursuant to, or evidenced by, an instrument containing provisions for the subordination of such Permitted Subordinated Debt to all Bonds, substantially as follows.

All capitalized terms used in this Attachment A but not defined herein shall have the meanings ascribed to such terms in the Definitions Annex of the Collateral Agency Agreement.

SUBORDINATION OF PERMITTED SUBORDINATED DEBT

General.

Notwithstanding any provision of this agreement to the contrary, Jefferson and the holder of the Permitted Subordinated Debt, for themselves and for all present and future holders of such Permitted Subordinated Debt, hereby covenant and agree that the Permitted Subordinated Debt shall be and is hereby expressly made subordinate and junior in right of payment to the prior payment (in cash or cash equivalents) and performance in full of all Bonds to the extent and in the manner provided below.

Waiver.

The holder of the Permitted Subordinated Debt (or any instrument evidencing the same) by acceptance hereof waives any and all notice of the creation or accrual of any such Bonds and notice of proof of reliance upon these subordination provisions by any holder of Bonds and hereby assents to any renewal, extension or postponement of the time of payment of Bonds or any other indulgence with respect thereto, to any increase in the amount of Bonds, and to any substitution, exchange or release of collateral therefor; and any such Bonds shall conclusively be deemed to have been created, contracted or incurred in reliance upon these subordination provisions and all dealings between Jefferson and any holder of Bonds so arising shall be deemed to have been consummated in reliance upon these subordination provisions.

Effects of Certain Defaults in Respect of Bonds.

If Jefferson shall default in the payment of any principal of or interest on or other amount with respect to the Bonds when the same becomes due and payable whether at maturity or at a date

fixed for redemption or by declaration or otherwise (a “Senior Default”), and unless and until such Senior Default shall have been remedied or waived or shall have ceased to exist, no direct or indirect payment by Jefferson from any source whatsoever shall be made on account of the principal of, or premium, if any, or interest on or other amount with respect to, the Permitted Subordinated Debt.

Limitation on Payments and Demand for Payments.

For so long as any Bonds are outstanding, (i) Jefferson shall not, directly or indirectly, make, or permit any of its Affiliates to make, any payment of principal or interest on account of the Permitted Subordinated Debt, except for payments made in accordance with clauses Eleventh and Twelfth of Section 5.02(b) of the Collateral Agency Agreement, and (ii) the holder of the Permitted Subordinated Debt shall not demand, sue for, retain, or accept from Jefferson or any other Person any payment of principal or interest on account of such Permitted Subordinated Debt, except for payments made in accordance with clauses Eleventh and Twelfth of Section 5.02(b) of the Collateral Agency Agreement.

Limitation on Acceleration.

For so long as any Bonds are outstanding, the Permitted Subordinated Debt may not be declared to be due and payable before its stated maturity unless all Bonds have become due and payable, at maturity or at a date fixed for redemption or by declaration or otherwise and, in the case of any such declaration, such declaration has not been rescinded.

Insolvency, Etc.

(a) In the event of any liquidation, reorganization, dissolution, winding up or composition or readjustment of Jefferson or its interests (whether voluntary or involuntary, or in bankruptcy, insolvency, reorganization, liquidation, receivership proceedings, or upon a general assignment for the benefit of Jefferson’s creditors or any other marshalling of the assets and liabilities of Jefferson, or otherwise), all Bonds (including any claim for interest thereon accruing at the contract rate after the commencement of any such proceedings and any claim for additional interest that would have accrued thereon but for the commencement of such proceedings, whether or not, in either case, such claim shall be enforceable in such proceedings) shall first be paid in full in cash or cash equivalents before any direct or indirect payment or distribution, whether in cash or cash equivalents, securities or other property, is made in respect of the Permitted Subordinated Debt, and any cash, securities or other property which would otherwise (but for these subordination provisions) be payable or deliverable in respect of the Permitted Subordinated Debt directly or indirectly by Jefferson from any source whatsoever shall be paid or delivered directly to the holders of Bonds in accordance until all Bonds (including claims for

interest and additional interest as aforesaid) shall have been paid in full in cash or cash equivalents.

(b) The holder of Permitted Subordinated Debt shall not commence or join with any other creditor or creditors of Jefferson in commencing any bankruptcy, insolvency, reorganization, liquidation, receivership proceedings against Jefferson. At any general meeting of creditors of Jefferson in the event of any liquidation, reorganization, dissolution, winding up or composition or readjustment of Jefferson or its interests (whether voluntary or involuntary, or in bankruptcy, insolvency, reorganization, liquidation, receivership proceedings, or upon a general assignment for the benefit of Jefferson's creditors or any other marshalling of the assets and liabilities of Jefferson, or otherwise), if all Bonds have not been paid in full at such time, the Trustee (or any authorized agent thereof) is hereby authorized at any such meeting or in any such proceeding:

(i) to enforce claims comprising Permitted Subordinated Debt in the name of the holder of such Permitted Subordinated Debt, by proof of debt, proof of claim, suit or otherwise;

(ii) to collect any assets of Jefferson distributed, divided or applied by way of dividend or payment, or such securities issued, on account of Permitted Subordinated Debt, and apply the same, or the proceeds of any realization upon the same that the Trustee elects to effect pursuant to the Indenture or the other Financing Documents, to the Bonds until all Bonds shall have been paid in full;

(iii) to vote claims comprising Permitted Subordinated Debt to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension; and

(iv) to take generally any action in connection with any such meeting or proceeding which the holder of Permitted Subordinated Debt might otherwise take.

(c) Jefferson and holder of the Permitted Subordinated Debt each hereby (i) authorizes and empowers the Trustee, under the circumstances set forth in the above paragraph, to demand, sue for, collect and receive every such payment or distribution referred to in such paragraph and give acquittance therefor, and execute, verify, deliver and file any claims or proofs of claim, consents, assignments or other instruments which any holder of the Bonds may at any time reasonably require in order to provide and realize upon any rights or claims pertaining to the Permitted Subordinated Debt in any statutory or non-statutory proceeding, vote any such claims in any such proceeding and take such other actions, on behalf of the holders of the Bonds or otherwise, as the Trustee may deem necessary or advisable for the enforcement of the

subordination provisions hereto and (ii) appoints any Person designated for such purpose by the Trustee as its attorney-in-fact for all such purposes.

Turnover of Payments.

If (i) any payment or distribution shall be collected or received by the holder of the Permitted Subordinated Debt in contravention of the terms hereof and prior to the payment in full in cash or cash equivalents of all Bonds at the time outstanding and (ii) any holder of such Bonds (or any authorized agent thereof) shall have notified the holder of the Permitted Subordinated Debt of the facts by reason of which such collection or receipt so contravenes the subordination provisions hereto, the holder of the Permitted Subordinated Debt will deliver such payment or distribution, to the extent necessary to pay all such Bonds in full in cash or cash equivalents, to the Trustee, for the benefit of the holders of the Bonds, in the form received, and until so delivered, the same shall be held by the holder of the Permitted Subordinated Debt in trust for the holders of the Bonds and shall not be commingled with other funds or property of the holder of the Permitted Subordinated Debt.

No Prejudice or Impairment.

No present or future holder of any Bonds shall be prejudiced in the right to enforce subordination of the Permitted Subordinated Debt by any act or failure to act on the part of Jefferson. Nothing contained herein shall impair, as between Jefferson and the holder of the Permitted Subordinated Debt, the obligation of Jefferson to pay to the holder hereof the principal hereof and premium, if any, and interest hereon as and when the same shall become due and payable in accordance with the terms hereof, or, except as provided herein, prevent the holder of the Permitted Subordinated Debt from exercising all rights, powers and remedies otherwise permitted by applicable law or hereunder upon the happening of an event of default in respect of the Permitted Subordinated Debt, all subject to the rights of the holders of Bonds as provided in this Section to receive cash, securities or other property otherwise payable or deliverable to the holder of the Permitted Subordinated Debt directly or indirectly by Jefferson from any source whatsoever.

Payment of Bonds, Subrogation, etc.

Upon the payment in full in cash or cash equivalents of all Bonds, the holder of the Permitted Subordinated Debt shall be subrogated to all rights of the holders of such Bonds to receive any further payments or distributions applicable to Bonds until the Permitted Subordinated Debt shall have been paid in full in cash or cash equivalents, and, for the purposes of such subrogation, no payment or distribution received by the holders of Bonds of cash, securities, or other property to which the holder of the Permitted Subordinated Debt would have been entitled except for this Section shall, as between Jefferson and its creditors other than the holders of Bonds, on the one

hand, and the holder of the Permitted Subordinated Debt, on the other hand, be deemed to be a payment or distribution by Jefferson on account of Bonds.

Subordination of Security Interests; Release of Security Interests; Exclusive Rights of Enforcement; Bailee for Perfection

The holder of the Permitted Subordinated Debt shall agree to usual and customary intercreditor provisions for financings of this type (as reasonably determined by Jefferson) regarding (i) the subordination of any Security Interests securing such Permitted Subordinated Debt to the Security Interests securing the Bonds and any Permitted Additional Senior Indebtedness, (ii) the automatic release of any Security Interests securing such Permitted Subordinated Debt under certain circumstances, (iii) the exclusive right of the Collateral Agent (as directed by the Required Secured Creditors) to enforce remedies in respect of Security Interests on the Collateral under certain circumstances and (iv) the limited agreement of the Collateral Agent to serve as bailee for perfection of any Security Interests on the Collateral for the benefit of the holder of the Permitted Subordinated Debt (with reciprocal provisions for the benefit of the holders of the Bonds and any Permitted Additional Senior Indebtedness).

Miscellaneous.

The foregoing subordination provisions are for the benefit of the holders of the Bonds and, so long as any Bonds are outstanding, may not be rescinded, cancelled or modified adversely to the interests of the holders of the Bonds.

ATTACHMENT B

REQUIRED INSURANCE

The Borrower shall maintain or shall require its contractors to maintain Insurance that is required to be obtained by the Borrower and its contractors to satisfy the requirements set forth in this Attachment B (such coverage to include provisions waiving subrogation against the Issuer, the Trustee, the Collateral Agent and all other Secured Parties, except in the case of Insurance for professional liability or workers' compensation). Such policies, to the extent they are commercial general liability policies, shall name the Collateral Agent, on behalf of the Secured Parties, as additional insured, and to the extent they are property policies, as loss payee as its interests may appear (pending any existing contractual overrides). Each Insurance policy required to be obtained by the Borrower shall require the insurer or insurance broker to endeavor to provide at least thirty (30) days (or such shorter period, if any, as is available on a commercially reasonable basis) prior written notice of cancellation, termination or lapse in coverage by the insurer to the Issuer, the Trustee and the Collateral Agent. The Borrower's insurance will contain Standard Mortgagee and/or Separation of Insureds clauses where applicable, such that lenders rights shall not be invalidated by any action or inaction of the Borrower or any other Person and shall insure the respective interests of the additional insureds, as they appear. The Borrower shall carry or cause to be carried, at a minimum, the following insurance coverages:

1. Property and Business Interruption

Borrower shall procure and keep in force, or cause to be procured and kept in force, Property and Business Interruption Insurance as specified below.

The policy shall provide coverage for all risks of physical loss and/or physical damage to property owned, leased or in the care, custody and control of the insured (including boiler and machinery breakdown coverage) and business interruption/contingent business interruption following such loss and/or damage.

The policy shall provide coverage limits equal to the replacement cost of the insured's property. The coverage shall afford comprehensive extensions of coverage including Land Movement, Flood, and Named Windstorm as deemed appropriate based on commercial availability in the insurance market; provided, that the policy may include appropriate sublimits for Land Movement, Flood and Named Windstorm.

The policy shall provide coverage on a per occurrence basis without co-insurance and will include sublimits for professional fees, demolition and debris removal, property in transit, property in storage offsite, expediting expenses, contractors extra expense, temporary repairs,

plantings, fire department charges, valuable papers, destruction of property at the direction of a civil authority, increased cost of construction, claims preparation costs and expediting and extra expenses; provided, that the policy may include appropriate sublimits for earth movement, named windstorm and flood.

Borrower and the Collateral Agent shall be the named insureds on the policy as their respective interests appear. Borrower also may, but is not obligated to, include other Contractors and interested parties as additional insureds as their respective interests appear. Borrower may name itself and the Collateral Agent as loss payee under the policy. The proceeds of the policy shall be held by the loss payee and timely applied to the cleanup, repair and reconstruction of the Project.

2. Builder's Risk

At all times during the period from the commencement of construction work until substantial completion or when work done at the job site is put to its intended use, Borrower shall procure and keep in force, or cause to be procured and kept in force, Builder's Risk Insurance as specified below.

The policy shall provide coverage limits equal to the project cost with coverage including coverage for land movement, flood, and named windstorm as deemed appropriate based on commercial availability in the insurance market.

The policy shall provide coverage on a per occurrence basis without co-insurance and will include sublimits for professional fees, demolition and debris removal, property in transit, property in storage offsite, expediting expenses, contractors extra expense, temporary repairs, plantings, fire department charges, valuable papers, destruction of property at the direction of a civil authority, increased cost of construction, claims preparation costs and expediting and extra expenses; provided, that the policy may include appropriate sublimits for earth movement, named windstorm and flood.

Borrower and the Collateral Agent shall be the named insureds on the policy as their respective interests appear. Borrower also may, but is not obligated to, include other Contractors and interested parties as additional insureds as their respective interests appear. Borrower may name itself and the Collateral Agent as loss payee under the policy. The proceeds of the policy shall be held by the loss payee and timely applied to the cleanup, repair and reconstruction of the Project.

3. Marine General Liability, Hull & Machinery, and Protection & Indemnity

Borrower shall procure and keep in force, or cause to be procured and kept in force, marine general liability insurance as specified below.

The policy shall provide (1) for marine general liability, a general aggregate limit (other than for products and completed operations) \$10,000,000; (2) a combined single limit of \$10,000,000; (3) medical expense limit of \$10,000; (4) fire legal liability limit of \$100,000; (5) products and completed operations aggregate limit of \$10,000,000; (6) personal and advertising injury limit of \$10,000,000; (7) occurrence limit of \$10,000,000. All limits will be inclusive of defense costs and legal fees.

Borrower shall be a named insured and the Collateral Agent and the Indemnified Parties shall be additional insureds with respect to the acts, omissions, and activities of Borrower and its contractors and subcontractors of every tier. The policy shall be written so that no act or omission of a named insured shall vitiate coverage of the other named insureds.

Borrower shall have the right to satisfy the requisite insurance coverage amounts through a combination of primary policies and umbrella or excess policies and appropriate retentions. Umbrella and excess policies shall comply with all insurance requirements, terms and provisions set forth in the Agreement for the applicable type of coverage.

4. Marine Bumbershoot (Excess Liability)

Borrower shall procure and keep in force, or cause to be procured and kept in force, marine bumbershoot (excess liability) insurance as specified below.

The policy shall have limits of not less than \$40,000,000 per occurrence and in the annual aggregate.

5. Pollution Legal Liability Insurance

Borrower shall procure and keep in force, or cause to be procured and kept in force, pollution legal liability insurance as specified below.

The policy shall cover sums that the insured becomes legally obligated to pay to a third party or for the investigation, removal, remediation (including associated monitoring) or disposal of soil, surface water, groundwater or other contamination to the extent required by environmental laws (together "clean-up costs") caused by pollution conditions resulting from covered operations, subject to the policy terms and conditions, including bodily injury, property damage (including natural resource damages), clean-up costs, and legal defense costs.

Borrower shall be a named insured and the Indemnified Parties shall be the additional insureds under such policy. The policy shall be written so that no acts or omissions of a named insured shall vitiate coverage of the other named insureds. As respects to the obligations of this Agreement, the insured vs. insured exclusion shall not apply to the additional insureds named to the policy.

The policy shall have a limit of not less than \$25,000,000 per claim and in the aggregate annually, unless applicable regulatory standards impose more stringent coverage requirements.

6. Workers' Compensation Insurance

The Borrower, and any Contractors, subcontractors, subconsultants, design engineering firms, suppliers, fabricators, material dealers, truckers, haulers, drivers and others who merely transport, pickup, deliver, or carry materials, personnel, parts or equipment or any other items or persons to or from the Project, each shall procure and keep in force, or cause to be procured and kept in force, a policy of Workers' Compensation Insurance in conformance with applicable law. Borrower and/or the Contractors, subcontractors, subconsultants, design engineering firms etc., whichever is the applicable employer, shall be the named insured on these policies. Such coverage need not be project-specific. Each Workers' Compensation Insurance Policy shall include the following:

- Workers' Compensation Limits: Statutory Limits
- Employer's Liability minimum limits:
 - \$1,000,000 for each accident; \$1,000,000 for disease (each employee); \$1,000,000 for disease, policy limits.
- Terms and conditions shall include coverage for LHWCA/USL&H coverage, if applicable.

7. Cargo Insurance

Borrower shall procure insurance with a total limit of \$100,000,000 to cover all lawful goods and/or merchandise that the Borrower has responsibility over but consisting principally of petroleum and related products.

8. Commercial Auto Insurance

Borrower shall continue to procure and keep in force commercial automobile liability insurance as specified below.

Borrower's policy shall have limits not less than \$1,000,000 each accident.

Each policy shall cover accidental death, bodily injury and property damage liability arising from the ownership, maintenance or use of all owned, non-owned and hired vehicles connected with performance of the Work, including loading and unloading.

9. Cyber Liability Insurance

Borrower shall procure insurance with a limit per claim of \$1,000,000 for liability of a security breach, including privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security, including any act or omission that compromises either the security, confidentiality or integrity of personal information in Borrower's care, custody or control.

10. Director's & Officer's Liability

Borrower shall procure insurance with a limit of \$10,000,000 for D&O management liability wrongful acts.

ATTACHMENT C

EXISTING INDEBTEDNESS

None.

ATTACHMENT D

MORTGAGE

D-1

SCHEDULE 6.25

MATERIAL PROJECT CONTRACTS

[Redacted]

SCHEDULE 6.28

FORM OF ACKNOWLEDGMENT OF COLLATERAL ASSIGNMENT

[Contractor] acknowledges and agrees that the Borrower has collaterally assigned all of its right, title and interest in and to this [Contract] to Deutsche Bank National Trust company, or its successors or assigns (the “Collateral Agent”), as collateral agent pursuant to a certain Security Agreement, dated as of February 1, 2020 (as may be amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”), between the Borrower and the Collateral Agent. [Contractor] shall, upon giving Borrower notice of any Borrower default hereunder, at the same time give a copy of such notice to the Collateral Agent, and no notice to the Borrower of any Borrower default hereunder shall be deemed to be duly given unless and until a copy thereof shall have been so given to the Collateral Agent. The Collateral Agent, or its designee, may (but shall not be obligated to) cure any such Borrower default within thirty (30) days after the date of such notice; or, if such Borrower default cannot reasonably be cured by the Collateral Agent within such 30-day period, within such longer period of time not to exceed ninety (90) days as is reasonably necessary to effect such cure (“Cure Period”), provided that Collateral Agent (a) notifies [Contractor] of its intent to cure such Borrower default and commences action to cure such Borrower default within such initial 30-day period and (b) thereafter proceeds to cure such Borrower default with reasonable diligence. In that event, [Contractor] shall accept such performance as if the same were done by the Borrower. This [Contract] shall not be terminated by [Contractor] during any period in which the Collateral Agent is entitled to attempt, and is attempting, to cure a default, in each case, during the Cure Period. Should the Collateral Agent or its designee succeed to Borrower’s rights hereunder, [Contractor] will thereafter tender performance of this [Contract] to the Collateral Agent or its designee, in which event, the Collateral Agent or such designee shall assume all of the obligations of the Borrower under this [Contract] arising from and after the date the Collateral Agent or its designee succeeds to the Borrower’s rights hereunder.

[Contractor] hereby consents to the collateral assignment under the Security Agreement of all of the Borrower’s right, title and interest in, to and under this [Contract], including, without limitation, all of the Borrower’s rights to receive payment and all payments due and to become due to the Borrower under or with respect to this [Contract] (collectively, the “Assigned Interests”) and acknowledges the right of the Collateral Agent, in the exercise of the Collateral Agent’s rights and remedies pursuant to the Security Agreement and the other Financing Documents, upon written notice to [Contractor], to make all demands, give all notices, take all

actions and exercise all rights of the Borrower under this Contract (including, without limitation, subsequent assignments of this [Contract] or the Assigned Interests). [Contractor] shall pay all amounts (if any) payable by it under this [Contract] in the manner and as and when required by this [Contract] directly into the account specified by the Collateral Agent, or to such other person, entity or different account as shall be specified from time to time by the Collateral Agent to [Contractor] in writing. All payments required to be made by [Contractor] under this [Contract] shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, other than those explicitly allowed by the terms of this [Contract]. In the event that this [Contract] is rejected or terminated as a result of any bankruptcy, insolvency, reorganization or similar proceeding affecting the Borrower, [Contractor] shall, at the option of the Collateral Agent exercised within 60 days after the Collateral Agent's actual knowledge of such rejection or termination, enter into a new agreement with the Collateral Agent having identical terms as this [Contract] (subject to any conforming changes necessitated by the substitution of parties and other changes as the parties may mutually agree).

[Contractor] agrees that, if the Collateral Agent notifies [Contractor] that an event of default under the Financing Documents has occurred and is continuing and that the Collateral Agent has exercised its rights (i) to assign or transfer this [Contract] to a third party, then the Collateral Agent, the Collateral Agent's designee or such third party (each, a "Substitute Owner") shall be substituted for the Borrower under this [Contract] and, in such event, [Contractor] will (A) recognize the Substitute Owner as its counterparty to this [Contract], (B) take any actions and execute any documents, agreements or instruments reasonably necessary to effect such substitution and (C) continue to perform its obligations under this [Contract] in favor of the Substitute Owner pursuant to the terms thereof; provided, however, that, if the Collateral Agent is the Substitute Owner, the liability of the Collateral Agent shall be limited to the Collateral Agent's interest in the Borrower and the Borrower's assets.

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.

DEED OF TRUST, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING

From

JEFFERSON 2020 BOND BORROWER LLC as a Grantor

And

JEFFERSON 2020 BOND LESSEE LLC as a Grantor

To

KEN N. WHITLOW

as Deed of Trust Trustee for the benefit of

DEUTSCHE BANK NATIONAL TRUST COMPANY

as Beneficiary

Dated as of: February 1, 2020

Relating to Premises in:

Orange County, Texas

After recording, please return to:

DEUTSCHE BANK NATIONAL TRUST COMPANY

c/o Deutsche Bank National Trust Company

60 Wall Street, 24th Floor

Mail Stop: NYC60-2405

New York, New York 10005

Attention: Corporates Team, Port of Beaumont Navigation

District of Jefferson County, Texas

THIS DEED OF TRUST SECURES FUTURE ADVANCES

THIS DEED OF TRUST SERVES AS A FIXTURE FILING UNDER SECTION 9.502 OF THE TEXAS BUSINESS AND COMMERCE CODE

STATE OF TEXAS)
)
COUNTY OF ORANGE)

DEED OF TRUST, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING

This **DEED OF TRUST, SECURITY AGREEMENT, FINANCING STATEMENT AND FIXTURE FILING** (this "Deed of Trust") is dated as of February 1, 2020, (the "Effective Date"), by **JEFFERSON 2020 BOND BORROWER LLC**, a Delaware limited liability company (the "Borrower") having its chief executive office at c/o Jefferson Gulf Coast Energy Partners LLC, 811 Louisiana, Suite 2300, Houston, Texas 77002, and **JEFFERSON 2020 BOND LESSEE LLC**, a Delaware limited liability company having its chief executive office at c/o Jefferson Gulf Coast Energy Partners LLC, 811 Louisiana, Suite 2300, Houston, Texas 77002 (the "Lessee" and together with the Borrower, the "Grantors", and each individually, a "Grantor") in favor of **KEN N. WHITLOW**, as trustee herein (hereinafter referred to in such capacity as "Deed of Trust Trustee") having an address for notice at Whitlow Law firm, PLLC, 7675 Folsom, Bldg. 100, Beaumont, Texas 77706 [Mail: P.O. Box 7289, Beaumont, Texas 77726-7289] for the benefit of **DEUTSCHE BANK NATIONAL TRUST COMPANY**, in its capacity as Trustee on behalf of the Owners of the Bonds (as defined in the Collateral Agency Agreement) and under the Indenture in its capacity as the Collateral Agent acting on behalf of itself and other Secured Parties (as defined in the Collateral Agency Agreement) under the Collateral Agency Agreement (defined below) (hereinafter referred to in such capacity as the "Beneficiary"), whose address for notice hereunder is 60 Wall Street, 24th Floor, Mail Stop: NYC60-2405, New York, New York 10005, Attention: Corporates Team, Port of Beaumont Navigation District of Jefferson County, Texas.

PRELIMINARY STATEMENT

This Deed of Trust is being delivered and accepted by Beneficiary to grant a first priority deed of trust lien and security interest on the Grantors' leasehold and fee interest, as applicable, under the Mortgaged Leases and the Easements, as well as all of Grantors' rights, titles and interests in and to the rest of the Mortgage Estate (as defined below), to secure the Secured Obligations as described below; and

WHEREAS, the Port of Beaumont Navigation District of Jefferson County, a political subdivision of the State of Texas (the "Issuer" or the "Lessor") is authorized and empowered by the laws of the State of Texas (the "State"), and in particular, 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 "Prior Act") and Chapter 5010, Special District Local Laws Code (Act of September 1, 2019, 86th Legislature Regular Session, HB 4666) (the "Modernization Act"), and together with the Prior Act, the "Act"; Chapter 60, Texas Water Code, as amended; and Chapter 1201, Texas Government Code, as amended, to issue revenue bonds for the purpose of financing and refinancing improvements to the port facilities of the Issuer; and

WHEREAS, pursuant to that certain Indenture of Trust, dated as of February 1, 2020 (as amended, supplemented and/or otherwise modified from time to time, the “Indenture”), the Issuer, is issuing on the Closing Date its Dock and Wharf Facility Revenue Bonds, Series 2020A (Jefferson Gulf Coast Energy Project) (the “Series 2020A Bonds”), in the aggregate principal amount of \$184,920,000; and its Facility Revenue Bonds, Taxable Series 2020B (Jefferson Gulf Coast Energy Project) (the “Taxable Series 2020B Bonds” and together with the Series 2020A Bonds, the “Series 2020 Bonds”), in the aggregate principal amount of \$79,060,000; and

WHEREAS, the Series 2020A Bonds have a stated final maturity date of January 1, 2050 and the Taxable Series 2020B Bonds have a stated maturity date of January 1, 2025, subject to earlier acceleration or extension in accordance with the Secured Obligation Documents (as defined below); and

WHEREAS, the Lessee desires to assist the Issuer in refunding a portion of the Prior 2016 Bonds (as hereinafter defined) and financing or refinancing the costs of the design, development, acquisition, construction, installation, equipping, ownership and operation of certain facilities for the transport, loading, unloading, and storage of petroleum products, including new tanks, train infrastructure, and other eligible infrastructure projects on behalf of the Issuer which constitutes a part of the Tax-Exempt Facilities (the “Series 2020A Project”); and

WHEREAS, the Borrower desires to assist the Issuer in refunding a portion of the Prior 2016 Bonds and financing or refinancing the costs of the design, development, acquisition, construction, installation, equipping, ownership and operation of certain facilities for the transport, loading, unloading, and storage of petroleum products, including certain tank, train infrastructure and other eligible infrastructure projects owned by one of the Grantors or Issuer, including, without limitation, part of the Tax-Exempt New Property prior to its completion and conveyance to the Issuer (the “Taxable Series 2020B Project” and, together with the Series 2020A Project, the “Project”); and

WHEREAS, upon the issuance of the Series 2020A Bonds, (i) the Issuer and the Lessee will enter into that certain Amended and Restated Lease and Development Agreement (Facilities Lease), dated as of January 1, 2020 (the “Facilities Lease”), pursuant to which the Lessee will lease existing improvements from the Issuer and construct or cause to be constructed additional new improvements on behalf of the Issuer and lease such additional improvements from the Issuer as part of the Tax-Exempt New Property, the cost of which will be reimbursed by the Issuer with a portion of the proceeds of the Series 2020A Bonds, and such existing and new improvements will constitute the Series 2020A Project; and (ii) the Issuer will use a portion of the proceeds of the Series 2020A Bonds to refund a portion of the Prior 2016 Bonds, fund certain reserves and funded interest accounts, and pay certain costs of issuance of the Series 2020A Bonds; and

WHEREAS, upon the issuance of the Taxable Series 2020B Bonds, (i) the Issuer will, pursuant to that certain Senior Loan Agreement dated as of February 1, 2020, between the Issuer and the Borrower (as amended, restated, amended and restated or otherwise modified from time to time, the “Senior Loan Agreement”) lend a portion of the proceeds thereof to finance, pay or

reimburse the costs of the Taxable Series 2020B Project; and (ii) the Issuer will use a portion of the proceeds of the Taxable Series 2020B Bonds to refund a portion of the Prior 2016 Bonds, fund certain reserves and funded interest accounts, and pay certain costs of issuance of the Taxable Series 2020B Bonds; and

WHEREAS, the Borrower, Lessee and Issuer are entering into that certain Omnibus Amended and Restated Agreement and Lease dated as of January 1, 2020 (the "Ground Lease"), pursuant to which, inter alia, the Issuer is leasing the Leased Premises (as hereafter defined) to Lessee and Borrower. The Lessor's Existing Property (as hereafter defined) is located on the Leased Premises. The Jefferson-Owned Property (as hereafter defined) is also located on the Leased Premises. In addition, Lessee and Lessor desire to construct the Tax-Exempt New Property (as hereafter defined) pursuant to the terms of the Facilities Lease which will also be located on the Leased Premises; and

WHEREAS, pursuant to a Sublease Agreement, entered into as of February 1, 2020 to be effective as of February 11, 2020, between the Lessee, and Borrower (the "Sublease"), the Lessee is subleasing the Tax-Exempt Facilities (as defined in the Sublease) to Borrower for Borrower's use of the Tax-Exempt Facilities in exchange for Borrower's promise to pay the Facilities Lease Rent (as defined in the Facilities Lease) and any and all other charges or amounts due and owing to the Issuer under the Facilities Lease; and

WHEREAS, pursuant to an Operating Agreement between Grantors and Jefferson Railport Terminal II LLC, entered into as of February 1, 2020 to be effective as of February 11, 2020 (the "Operating Agreement"), Jefferson Railport Terminal II LLC agrees to operate the Project on behalf of the Grantors; and

WHEREAS, reference is made to that certain Collateral Agency, Intercreditor and Accounts Agreement dated as of February 1, 2020, by and among the Grantors (collectively, referred to therein as "Jefferson"), Deutsche Bank National Trust Company, in its capacity as trustee on behalf of the Owners of the Bonds (as defined therein), Deutsche Bank National Trust Company, in its capacity as Collateral Agent on behalf of itself and the other secured parties as described therein, and Deutsche Bank National Trust Company, in its capacity as securities intermediary and account bank as described therein (as amended, restated, amended and restated or otherwise modified from time to time, the "Collateral Agency Agreement"); and

WHEREAS, pursuant to that certain Security Agreement, dated as of February 1, 2020 (as amended, supplemented, restated and/or otherwise modified and in effect from time to time, the "Security Agreement"), between the Grantors and the Collateral Agent and certain other Security Documents, the Grantors have granted a first-priority security interest in, to and under the Collateral (subject to Permitted Security Interests) as security for the payment and performance of all the Secured Obligations, including the Series 2020 Bonds, in accordance with such Security Documents; and

WHEREAS, Borrower has entered into certain other Financing Documents (as amended, supplemented, restated and/or otherwise modified and in effect from time to time), related to the Project and the issuance of the Series 2020 Bonds; and

To secure its obligations under the Indenture, the Issuer has pledged and assigned its right, title and interest in and to certain pledged revenues, the Senior Loan Agreement, the Facilities Lease, the Ground Lease, the Sublease and this Deed of Trust to Beneficiary pursuant to the Indenture and the Collateral Agency Agreement; and

To secure (i) the Lessee's obligations under the Facilities Lease including, but not limited to, the payment of Facilities Lease Rent under the Facilities Lease (which constitutes Collateral assigned to Beneficiary pursuant to the Collateral Agency Agreement), (ii) the Borrower's obligations under the Senior Loan Agreement which constitutes Collateral assigned to Beneficiary pursuant to the Collateral Agency Agreement, in each case as and when due, including all renewals, extensions, and modifications of the same, and (iii) all other Secured Obligations, the Grantors are executing and delivering this Deed of Trust.

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 on the real property herein described .

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 as defined herein. As used herein, the following terms shall have the following meanings:

"Agents" shall have the meaning assigned to such term in the Collateral Agency Agreement.

"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.

"Collateral" shall have the meaning assigned to such term in the Collateral Agency Agreement.

"Easements" shall mean the rights, interests and estates created under those certain servitudes, easements, rights of way, privileges, franchises, prescriptions, licenses, leases, permits and/or other rights described in Exhibit E, attached hereto, and all of Grantor's right, title and interest (whether now owned or hereafter acquired by operation of law or otherwise) in any servitudes, easements, rights of way, privileges, franchises, prescriptions, licenses, leases, permits and/or other rights to the foregoing in and to any land, in any county and sections shown on Exhibit E even though they may be incorrectly described in or omitted from such Exhibit E together with any amendments, renewals, extensions, supplements, modifications or other

agreements related to the foregoing, and further together with any other servitudes, easements, rights of way, privileges, prescriptions, franchises, licenses, permits and/or other rights (whether presently existing or hereafter created and whether now owned or hereafter acquired by operation of law or otherwise) used, held for use in connection with, or in any way related to the Project, the Mortgaged Leases and/or pipelines transporting, including but not limited to, crude oil, natural gas liquids, refined products including octane gasoline, ultra-low sulfur diesel, and ethanol to, from or between the Project and/or the facilities in connection therewith.

“Event of Default” means the failure to pay and perform the Secured Obligations as required under the Facilities Lease, the Ground Lease, the Collateral Agency Agreement, the Indenture, the Senior Loan Agreement, the Sublease or any other Secured Obligation Documents, as applicable, which failure exists beyond the cure periods that exists therein.

“Excluded Swap Obligations” shall have the meaning assigned to such term in the Collateral Agency Agreement.

“Financing Documents” shall have the meaning assigned such term in the Senior Loan Agreement.

“Governmental Authority” means any administrative or governmental body having jurisdiction.

“Indebtedness” shall have the meanings assigned thereto in each of the Facilities Lease and the Senior Loan Agreement.

“Jefferson” shall mean Borrower and Lessee.

“Jefferson-Owned Property” shall mean to the extent removable as provided in the Ground Lease, all improvements paid for or financed by Lessee and located on the Leased Premises or Easement Areas (as defined in the Ground Lease), including those described on Exhibit C attached hereto, other than the Tax-Exempt Facilities.

“Landlord” means any landlord, lessor, sublandlord, sublessor, franchisor, licensor or grantor, as applicable.

“Lessor’s Existing Property” means the Lessor equipment and fixtures owned by Lessor as more particularly described on Exhibit B attached hereto which are located on the Leased Premises.

“Lessor’s Real Property” means the real property owned by Lessor located in Orange County, Texas generally referred to as the Port of Beaumont’s Orange County Terminal Property, as more particularly described in the Ground Lease.

“Leased Premises” means approximately 204.77 acres of real property within the Lessor’s Real Property as more particularly described on Exhibit A attached hereto, the Rail Access, and all real property rights of Lessor appurtenant thereto.

“Material Adverse Effect” shall have the meaning assigned thereto in the Senior Loan Agreement.

“Mortgaged Leases” means, collectively, (i) the Ground Lease, (ii) the Facilities Lease and (iii) the Sublease, in each case, together with all assignments, modifications, extensions and renewals of the Mortgaged Leases and all credits, deposits, options, privileges and rights of any of the Grantors 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 respective premises demised under the Mortgaged Leases.

“Ordinary Course Settlement Payments” shall have the meaning assigned to such term in the Collateral Agency Agreement.

“Permitted Encumbrances” means those matters currently of public record and listed in Exhibit F attached hereto, and any additional matter hereafter arising that constitutes a Permitted Security Interest (as defined in the Senior Loan Agreement).

“Pipeline Systems” means without limitation of the foregoing, all right, title and interest of any Grantor (whether now owned or hereafter acquired by operation of law or otherwise) in and to all transportation, gathering and transmission systems, including, without limitation, any transportation, gathering or transmission systems located in any county, any leases of transportation, gathering and transmission systems, pipes or facilities and all pipes, valves, gauges, meters and other measuring equipment, regulators, heaters, extractors, tubing, pipelines, fuel lines, facilities, improvements, fittings, materials and other improvements, fixtures, equipment and/or personal/movable property (whether now owned or hereafter acquired by operation of law or otherwise), including, without limitation, those located on or under the Easements, the Ground Lease, the Facility Lease, and/or in or on or otherwise related to the transportation, gathering and transmission systems.

“Prior 2016 Bonds” means the Lessor’s Dock and Wharf Facility Revenue Bonds, Series 2016 (AMT) (Jefferson Energy Companies Project) outstanding in the aggregate principal amount of \$144,200,000.

“Project” means the Series 2020A Project and the Taxable Series 2020B Project.

“Rail Access” shall have the meaning assigned to such term in the Ground Lease.

“Secured Creditors” shall have the meaning assigned to such term in the Collateral Agency Agreement.

“Secured Obligations” shall mean collectively, without duplication: (a) the Series 2020 Bonds, (b) all of the Indebtedness, financial liabilities and obligations, of whatsoever nature and however evidenced of either Grantor (including, but not limited to, principal, interest, make-whole amount, premium, fees, reimbursement obligations, Ordinary Course Settlement Payments, Swap Termination Payments, indemnities and legal and other expenses, whether due

after acceleration or otherwise) to any of the Secured Parties in their capacity as such under the Secured Obligation Documents, other than the Series 2020 Bonds; (c) any and all sums advanced by the Agents in order to preserve the Collateral or preserve the security interest in the Collateral in accordance with the Security Documents; and (d) in the event of any proceeding for the collection or enforcement of the obligations described in clauses (a), (b) or (c) above, after a Secured Obligation Event of Default has occurred and is continuing and unwaived, the expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Collateral Agent of its rights under the Security Documents; *provided* that the Secured Obligations shall not include any Excluded Swap Obligations.

“Secured Obligations Documents” shall have the meaning assigned to such term in the Collateral Agency Agreement.

“Secured Parties” means (a) Agents, (b) the Secured Creditors and (c) the Issuer.

“Security Documents” shall have the meaning assigned to such term in the Collateral Agency Agreement.

“Series 2020A Project” is defined in the Recitals above.

“Swap Termination Payment” shall have the meaning assigned to such term in the Collateral Agency Agreement.

“Taxable Series 2020B Project” is defined in the Recitals above.

“Tax-Exempt Facilities” means the Lessor’s Existing Property and the Tax-Exempt New Property.

“Tax-Exempt New Property” means the additional tax-exempt infrastructure to be constructed on the Leased Premises pursuant to the terms of the Facilities Lease, and leased by Lessee and owned by the Lessor, as described on Exhibit D attached hereto.

“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 either of the Grantors’ election to treat the Mortgaged Leases or the Easements 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.

The terms, covenants and provisions of the Series 2020 Bonds, Indenture, Facilities Lease, Ground Lease, Senior Loan Agreement, Security Agreement and Collateral Agency

Agreement have been incorporated into this Deed of Trust by this reference. All persons from time to time having an interest in all or any portion of the Mortgage Estate are hereby placed on notice of all of the terms, covenants and provisions of the instruments incorporated herein and that copies of same may be obtained by those having an appropriate interest in the Mortgage Estate or any portion thereof upon written request to the Beneficiary at the address set forth on the first page of this Deed of Trust. Any such request shall include the name and address of the requesting party and also contain a brief explanation of the nature and reason for such request.

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 Secured Obligations, each of the Grantors does, by these presents, hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN, WARRANT 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 such Grantor's ownership, leasehold, easement and other 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 (collectively, the "Mortgage Estate"):

(1) the leasehold estates of one or both Grantors created by the Mortgaged Leases in the Leased Premises, together with all rights, privileges, tenements, and hereditaments in any ways appurtenant thereto, including the easements and rights-of-way 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 Grantors therein and in the streets, ways, alleys, strips or gores of land adjacent thereto, either in law or in equity, in possession or expectancy, now or hereafter acquire (collectively, the "Land");

(2) the Mortgaged Leases, the Operating Agreement and all of the Improvements, the Personal Property, and the Permits, Plans and Warranties (each as defined below) with respect to the Mortgaged Leases and/or the Operating Agreement;

(3) the Easements, and all other interests, estates and other claims, both in law and equity, that such 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) the Pipeline Systems;

(5) All of such Grantor's fee or leasehold interest, as applicable, (whether now owned or hereafter acquired by operation of law or otherwise) in and to all improvements, fixtures, and other real/immovable and/or personal/movable property

(including, without limitation, all equipment, tanks, trains, pipelines, flow lines, gathering lines, compressors, dehydration units, separators, meters, metering stations, fittings, pipe, pipe connector, valves, regulators, drips, storage facilities, absorbers, heaters, dehydrators, and power, telephone and telegraph lines) located on or under, or that in any way relate to, the Operating Agreement, the Easements, the Ground Lease, the Facilities Lease, and/or the Pipeline Systems, and all other 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, including, but not limited to, the Lessor's Existing Property described on Exhibit B attached hereto, the Jefferson-Owned Property described on Exhibit C attached hereto and the Tax-Exempt New Property described on Exhibit D attached hereto (the "Improvements"; and the Land and Improvements are collectively referred to herein as the "Premises");

(6) all other 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 such 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");

(7) all general intangibles owned or leased by such Grantor or held in the name of the Operator at the request or for the benefit of any such 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, variances, land use entitlements, licenses, franchises, agreements 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 or now or hereafter required for all states of construction, modifying, upgrading, developing,

operating, or decommissioning the Pipeline Systems, or in connection with the operation thereof or the treating, handling, storing, processing or marketing of hydrocarbons, and all renewals or replacements of the foregoing or substitutions for the foregoing, all construction, service, engineering, consulting, leasing, architectural and other similar contracts concerning the design, construction, management, operation, occupancy and/or use of the Premises or the Pipeline Systems, 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 or the Pipeline Systems, and all payment and performance bonds or warranties or guarantees relating to the Premises or the Pipeline Systems, all to the extent assignable (the “Permits, Plans and Warranties”);

(8) all now or hereafter existing leases or licenses (under which such Grantor is landlord or licensor) and subleases (under which such Grantor is sublandlord), concession, management, mineral or other agreements of a similar kind that permit the use or occupancy of the Premises or the Pipeline Systems 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 such Grantor, together with all charges, fees, income, issues, profits, receipts, rents, revenues or royalties payable thereunder (“Rents”);

(9) all real estate tax refunds and all proceeds of the conversion, voluntary or involuntary, of any of the Mortgage Estate into cash or liquidated claims and not otherwise payable to tenants under the Leases (“Proceeds”), including Proceeds of insurance maintained by or for the benefit of such 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 Mortgage Estate, unearned premiums on policies of fire and other insurance maintained by or for the benefit of such Grantor covering any interest in the Mortgage Estate or required by the Indenture or the Senior Loan Agreement;

(10) each Grantor’s right, title and interest in and to any awards, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any Governmental Authority pertaining to the Land, Mortgaged Leases, the Easements, Leases, Improvements, fixtures or Personal Property, including but not limited to those for any vacation of, or change in grade in, any streets affecting the Land, Mortgaged Leases, the Easements, Leases, Improvements, fixtures or Personal Property, and those for municipal utility district or other utility costs incurred or deposits made in connection with the Land, Mortgaged Leases, the Easements and Leases; and

(11) all extensions, improvements, betterments, renewals, substitutes and replacements of and all additions and appurtenances to, the Premises, the Pipeline Systems, the Personal Property, the Permits, Plans and Warranties, the Easements, and

other easements and rights of way and the Leases, hereinafter acquired by or released to such Grantor or constructed, assembled or placed by such Grantor on the Premises or the Pipeline Systems, 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 such 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 such Grantor and specifically described herein.

Provided that the Mortgage Estate shall not extend to any contract, contract right, license, permit, privileges or other asset which by its terms prohibits the granting of a security interest in such asset arising or which contains or is subject to a restriction on assignment; provided further that any of the foregoing exclusions shall not apply if (x) such prohibition has been waived or such other Person has otherwise consented to the creation hereunder of a security interest in such agreement, or (y) such prohibition would be rendered ineffective pursuant to Section 9-406, 9-407 or 9-408 of Article 9 of the UCC, as applicable and as then in effect in any relevant jurisdiction, or any other applicable law or principles of equity; and provided further that nothing in this paragraph shall be deemed to permit any action prohibited by this instrument or by terms incorporated in this instrument.

ARTICLE I.

Representations, Warranties and Covenants of Grantors

Each Grantor agrees, covenants, represents and/or warrants as follows:

SECTION 1.1 Title, Deed of Trust Lien.

(a) Each Grantor has good and valid recorded leasehold or fee title, as applicable, in the Mortgaged Leases and the Easements and is possessed of the Premises leased or owned, as applicable, thereunder subject only to Permitted Encumbrances. With respect to the foregoing warranties and representations, it is acknowledged that such Grantor's intention is to mortgage and affect hereby the entirety of the interest that such Grantor owns in all of the Mortgaged Leases and the Easements, whether now or hereafter, and as a consequence thereof, if for any reason the interest of such Grantor in any Mortgaged Lease or any Easement in fact exceeds the ownership interests specified in Exhibit A and/or Exhibit E, such Grantor represents and warrants herein that it owns, such Grantor agrees that (i) such warranted ownership interests specified in Exhibit A and/or Exhibit E are intended to be the interests owned by and attributable to such Grantor, and (ii) that this Deed of Trust creates a valid first lien and security interest in the entirety of the interest owned by and attributable to the Mortgage Estate and whether such interests are equal to or greater than the ownership interests specified in Exhibit A and/or Exhibit E, and, a valid subsisting first assignment of the Leases and Rents not covered by Chapter 9 of the Texas Business and Commerce Code.

(b) This Deed of Trust has been duly executed and delivered by such 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 such Grantor or any order of any Governmental Authority, (iii) will not violate or result in a default under any indenture, agreement or other instrument binding upon such Grantor or its assets, or give rise to a right thereunder to require any payment to be made by such 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 such 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 Mortgage Estate.

(e) Such Grantor will forever warrant and defend its title to the Mortgage 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 and will maintain and preserve the lien created hereby so long as any of the Secured Obligations secured hereby remains unpaid.

(f) The Mortgage Estate shall be used by such Grantor only for the development, construction, ownership, maintenance, improvement and operation of the Project, and for no other use without the prior written consent of the Beneficiary. This Deed of Trust is given for, and the Mortgage Estate shall be used for, a business or commercial purpose and not for residential, household or family purposes

(g) Subject to the provisions of the Collateral Agency Agreement, the Grantors shall pay when due and without offset, counterclaim or defense all of the obligations required to be performed or paid by Grantors under this Deed of Trust. Each Grantor shall fully and faithfully observe and comply in all respects with the terms, provisions, conditions, covenants and agreements on the part of such Grantor to be observed and performed under this Deed of Trust, the Indenture, the Senior Loan Agreement, the Collateral Agency Agreement, the Facilities Lease, the Ground Lease, the Sublease and the Financing Documents.

(i) No Grantor shall agree to subordinate or consent to the subordination of its interests under any Mortgaged Lease, Easement, Permits, Plans or Warranties or any other contract related to the Mortgage Estate to any mortgage lien, whether now existing or hereafter created, other than Permitted Encumbrances, without the prior written consent of Beneficiary.

(h) None of the Permitted Encumbrances, individually or in the aggregate, materially interferes with the benefits of the security intended to be provided by this Deed of Trust, materially and adversely affects the value of the Mortgage Estate, impairs the use or the

operation of the Mortgage Estate or impairs any Grantor's ability to pay its obligations in a timely manner.

(i) Each Grantor is a limited liability company, duly created, validly existing and in good standing under the laws of the State of Delaware, and has all requisite power and all governmental certificates of authority, licenses, permits, qualifications and documentation to own, lease and operate its properties and to carry on its business as now being, and as proposed to be, conducted.

(j) As of the date of this Deed of Trust, (i) the cover page to this instrument lists the legal name of each Grantor, each as registered in the jurisdiction in which such Grantor is organized, formed or incorporated, and such Grantor's taxpayer identification number and (ii) each Grantor is not now and has not been known by any trade name or assumed name.

(k) Neither Grantor (nor if such Grantor is a disregarded entity under the Code, any entity which directly or indirectly owns such Grantor) is a "foreign person" within the meaning of the Internal Revenue Code of 1986, as amended (hereinafter called the "Code"), Sections 1445 and 7701 (i.e., Grantor and/or its owner is not a nonresident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the Code and any regulations promulgated thereunder).

SECTION 1.2 Secured Obligations. Each Grantor expressly covenants and agrees to pay when due, and to timely perform, the Secured Obligations in accordance with the terms of the Secured Obligation Documents.

SECTION 1.3 Payment of Taxes, and Other Obligations. Each Grantor shall, in accordance with and subject to, the applicable provisions of the Mortgaged Leases or the Easements, pay and discharge all Taxes and other obligations with respect to the Mortgage Estate.

SECTION 1.4 Maintenance of Mortgage Estate. Each Grantor will maintain the Premises, the Pipeline Systems and the Personal Property in the manner and to the extent required by the Mortgage Leases, the Easements and the Financing Documents.

SECTION 1.5 Insurance. Each 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, the Easements and the Financing Documents.

SECTION 1.6 Casualty Condemnation/Eminent Domain. In accordance with and to the extent required by the Indenture, Collateral Agency Agreement, the Senior Loan Agreement, and Mortgaged Leases, each Grantor shall give Beneficiary prompt written notice of casualty or other damage to the Mortgage Estate or any proceeding for the taking of the Mortgage 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) each Grantor hereby presently and effectively grants, sells, conveys, sets over, transfers and assigns to the Beneficiary and its successors and assigns, all of its right title and interest in the Leases, together with any and all extensions and renewals thereof to Deed of Trust Trustee for purposes of securing and discharging the performance by the Grantors of the Secured Obligations. No Grantor has 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), each Grantor has assigned and transferred to Beneficiary all of such 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 such Grantor, it being intended that this assignment shall constitute, subject to Section 1.7(c), a collateral transfer and assignment of all Rents and all Leases to Beneficiary and not an assignment for additional security only. 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 any Grantor's name and stead (with or without first taking possession of any of the Mortgage Estate personally or by receiver as provided herein) operate the Mortgage Estate and rent, lease or let all or any portion of any of the Mortgage 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 or the Senior Loan Agreement;

(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 Grantors 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 immediately, 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. Such failure by Beneficiary to exercise its rights immediately shall not in any way waive the Beneficiary's rights to receive any Rents, or to make any such demand, or to affect any such assignments as to any Rents not delivered directly to the Beneficiary. In this regard, if any of the Rents are paid or delivered direct to Beneficiary and then, at the request of the Beneficiary, the Rents are, for a period or periods of time, paid or delivered directly to either Grantor, Beneficiary shall nevertheless have the right, effective upon written notice, to require that future Rents be again paid or delivered directly to it. Each 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 applicable 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 the applicable 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) Independently of the foregoing provisions and authorities herein granted, if an Event of Default shall be continuing, the applicable Grantor shall execute and deliver, any and all Rents that may be requested by the Beneficiary to effect payment or delivery of the Rents directly to the Beneficiary in accordance with this Section 1.7. If, pursuant to any existing contract, any Rents are required to be paid or delivered by any tenant directly to a Grantor so that under such existing contracts the Rents cannot be paid or delivered directly to the Beneficiary in the absence of foreclosure, then, if the Beneficiary has requested that the Rents be paid or delivered directly to it under the assignment herein contained, the Rents that for any reason must be paid or delivered to the applicable Grantor shall, when received by such Grantor, constitute trust funds in such Grantor's hands and shall be immediately paid over by such Grantor to the Beneficiary.

(e) The Beneficiary is hereby absolved from all liability for failure to enforce collection of the Rents assigned under Section 1.7 hereof and from all other responsibility in connection therewith, except the responsibility to account (by application upon the Secured Obligations or otherwise) for funds actually received. If the Beneficiary receives monies in excess of the amount of the Rents to which a Grantor is entitled, the Beneficiary will make a reasonable effort to pay any such excess monies of which the Beneficiary is aware to the other parties legally entitled thereto; provided that each Grantor agrees to indemnify and hold Trustee and the Beneficiary harmless against any and all liabilities, actions, claims, judgments, costs, charges and attorneys' fees by reason of the assertion that they or either of them have received, either before or after payment and performance in full of the Secured Obligations or any other Rents in which a Person claims an adverse interest.

(f) 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 Mortgage 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 Mortgage Estate, for negligence in the management, upkeep, repair or control of any of the Mortgage Estate or any other act or omission by any other person. The rights of the Beneficiary pursuant hereto shall be cumulative of all other security of any and every character now or hereafter existing to secure the payment of the Secured Obligations. Rents received under this Section 1.7 assignment shall be applied as set forth in the Collateral Agency Agreement. The Beneficiary may, in its sole discretion, permit the Rents its received by it to be returned to the applicable Grantor (rather than applied to the Secured Obligations) for use in such Grantor's operations.

(g) TO THE EXTENT OF ANY INCONSISTENCIES BETWEEN THE TERMS OF THIS DEED OF TRUST AND THE ASSIGNMENT OF RENTS ACT, THE TERMS AND CONDITIONS OF THE ASSIGNMENT OF RENTS ACT SHALL CONTROL

AND GOVERN. As used herein, the term "Assignment of Rents Act" means Chapter 64 of the Texas Property Code, as amended and supplemented from time to time.

SECTION 1.8 Intentionally Deleted.

SECTION 1.9 Restrictions on Transfers and Encumbrances. Each Grantor shall comply with all requirements under the Indenture, the Senior Loan Agreement, the Facilities Lease, the Ground Lease and the Collateral Agency 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 Mortgage Estate, or be divested of its title to the Mortgage 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 Mortgage Estate consists of items of personal property, this Deed of Trust shall also be construed as a security agreement under the UCC. The Grantors, in order to secure the due and punctual payment and performance of the Secured Obligations, hereby grants to the Beneficiary for its benefit and for the benefit of the Secured Parties, a security interest in and to all such personal property that is part of the Mortgage Estate (the "Personalty"). Upon and during the continuance of an Event of Default, the Beneficiary shall be entitled with respect to the Personalty, 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, all or any portion of the Personalty, may, at the Beneficiary's option, (i) be sold hereunder together with any sale of any portion of the Mortgage 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 applicable Grantor to assemble all or any portion of the Personalty, and make it available to the Beneficiary at a place to be designated by the Beneficiary. Each Grantor acknowledges and agrees that a disposition of such Personalty collateral in accordance with the Beneficiary's rights and remedies in respect to the Mortgage Estate as heretofore provided is a commercially reasonable disposition thereof; provided, however, that the Beneficiary shall give the applicable Grantor not less than ten (10) days' prior notice of the time and place of any intended disposition.

SECTION 1.11 Filing and Recording. Each 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 Mortgage Estate until this Deed of Trust is terminated and released in full in accordance with Section 3.4 hereof. In connection therewith, the Grantors 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, each Grantor will, at the cost such 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, such 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 such 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 Mortgage 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 Mortgage Estate. All right, title and interest of a Grantor in and to all extensions, improvements, betterments, renewals, substitutions and replacements of, and all additions and appurtenances to, the Mortgage Estate hereafter acquired by or released to such Grantor or constructed, assembled or placed by such 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 such Grantor, 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 such Grantor and specifically described in the grant of the Mortgage Estate above, but at any and all times such 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 Mortgage Estate or any part thereof, nor as giving any 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 Financing Statement; Fixture Filing. Pursuant to Section 9.502 of the Texas Business and Commerce Code, this Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all goods which are or are to become fixtures included within the Mortgage Estate and is to be filed or filed for record in the real estate records, mortgage records or other appropriate records of each jurisdiction where any part of the Mortgage Estate (including said fixtures) are situated. This Deed of Trust shall also be effective as a financing statement covering as-extracted collateral and/or timber to be cut to the extent included within the Mortgage Estate.

In addition, each Grantor hereby authorizes the Beneficiary, its counsel or its representative, at any time and from time to time, to file or record appropriate financing statements, continuation statements amendments thereto and other filing or recording documents or instruments under the UCC in effect in the jurisdiction in which the Mortgage Estate is located or where such 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 Mortgage Estate. By the execution and delivery hereof, each Grantor hereby authorizes the Beneficiary to file any financing statements, and any amendments or continuation statements with respect thereto, as to the Mortgage Estate pursuant to the UCC without the applicable Grantor's signature thereon. A carbon, photographic or other reproduction of this instrument shall be sufficient as a financing statement. Each Grantor also authorizes the Beneficiary, its counsel or its representative, at any time and from time to time, to file or record such financing statements that describe the collateral covered thereby as "all assets of the Grantor", "all personal property of the Grantor" or words of similar effect. The Grantors shall pay all costs associated with the filing of such instruments.

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 applicable terms of the Indenture, the Senior Loan Agreement, the Collateral Agency Agreement, the Facilities Lease and the Ground Lease, 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 the Grantors 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, the Grantors shall, upon demand of Beneficiary (or Deed of Trust 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 Mortgage 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 Mortgage Estate without the appointment of a receiver or an application therefor, exclude the Grantors and their agents and employees wholly therefrom, and have access to the books, papers and accounts of the Grantors.

(b) If in accordance with Section 2.3(a) above any applicable Grantor shall for any reason fail to surrender or deliver the Mortgage 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 the applicable Grantor to deliver immediate possession of the Mortgage Estate to Deed of Trust Trustee and/or Beneficiary, as applicable, to the entry of which judgment or decree each Grantor hereby specifically consents. Subject to Section 10.01 of the Collateral Agency Agreement, the Grantors 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 and the Senior Loan Agreement, as provided in and to the extent then applicable under Section 10.01 of the Collateral Agency Agreement, 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 Mortgage 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 Mortgage Estate insured in the manner and amounts required pursuant to the Indenture, (iii) manage and operate the Mortgage Estate in its reasonable discretion and exercise all the rights and powers of the Grantors to the same extent as the Grantors could in their 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 each Grantor hereby appoints Deed of Trust Trustee and Beneficiary as its true and lawful attorneys-in-fact and agents, for such 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 Mortgage Estate, including those past due as well as those accruing thereafter, and, after deducting, in all cases subject to Section 10.01 of the Collateral Agency Agreement, (i) all reasonable expenses of taking, holding, managing and operating the Mortgage 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 Mortgage 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 Mortgage Estate under Section 2.6, all Secured 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 Mortgage Estate back to the Grantors, their 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 either Grantor fail in the payment, performance or observance of any term, covenant or condition required by this Deed of Trust or of either Grantor under the Indenture, Senior Loan Agreement, Facilities Lease, Ground Lease, Sublease or the Collateral Agency Agreement 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 10.01 of the Collateral Agency Agreement, shall be, within the time period set forth therein, repaid by the Grantors 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 Mortgage 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 the Grantors, to any person in possession holding under such 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, and without any showing of insolvency, fraud, or mismanagement on the part of the Grantors, and without the necessity of filing any judicial or other proceeding other than the proceeding for appointment of a receiver shall be entitled as a matter of right to the appointment of a receiver or receivers to take possession of and to operate the Mortgage Estate and to collect and apply the Rents. The receiver or receivers shall have all of the rights and powers permitted under the laws of the state wherein the Mortgage Estate is located. Subject to Section 10.01 of the Collateral Agency Agreement, the Grantors 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 such Grantor to Beneficiary with interest on overdue amounts at the Default Rate from the date incurred until the date so paid by such Grantor. Each Grantor hereby consents to the appointment of such receiver or receivers, agrees not to oppose any application therefor by Beneficiary and agrees that such

appointment shall in no manner affect the other rights of Beneficiary or Deed of Trust Trustee under Section 2 hereof.

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 Mortgage Estate or any part of the Mortgage 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 Mortgage Estate non-judicially in whole or in part in one or more sales to satisfy any Secured 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 Mortgage Estate, may sell all or such parts of the Mortgage 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 Mortgage Estate may postpone any foreclosure or other sale of all or any portion of the Mortgage 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 Mortgage 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 Grantors, Deed of Trust Trustee or Beneficiary or any designee or affiliate thereof, may purchase at such sale.

(b) The Mortgage 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 Mortgage 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 Secured Obligations have been satisfied, or the entirety of the Mortgage 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 Secured 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 Mortgage 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 Secured 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 Secured 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 Mortgage Estate, Beneficiary (or the receiver, if one is appointed) 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 Collateral are to be applied pursuant to Section 9.08 of the Collateral Agency Agreement. Each Grantor and any other party liable on the Secured Obligations and the Secured Obligations shall be liable for any deficiency remaining in the Secured Obligations and Secured Obligations subsequent to the sale referenced in this Section 2.

Upon any sale of the Mortgage 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 Mortgage 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 a Grantor remains in possession of any of the Mortgage Estate after any foreclosure sale by Deed of Trust Trustee or Beneficiary, at Beneficiary's election such 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 Appraisal, Valuation, Stay, Extension and Redemption Laws. Each 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 appraisal or valuation of any portion of the Mortgage Estate and/or (y) in any way extending the time for the enforcement or the collection of amounts due under any of the Secured 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 Mortgage 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, appraisal, stay of execution, notice of election to mature or declare due the whole of or each of the Secured Obligations and marshaling in the event of foreclosure of this Deed of Trust; provided that the appraisal of any of the Mortgage Estate is hereby expressly waived or not waived at the option of Deed of Trust Trustee or Beneficiary, such option to be exercised prior to or at the time judgment is rendered in any foreclosure of this instrument.

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 each Grantor, Deed of Trust Trustee and Beneficiary shall be restored to their former positions and rights hereunder, and all rights, powers and remedies of each Grantor, Deed of Trust Trustee and Beneficiary shall continue as if no such proceeding had been taken.

SECTION 2.12 Suits To Protect the Mortgage 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 Mortgage 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 Mortgage 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 a 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 Secured 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 any Grantor in the performance of the Secured 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 Secured Obligations by such 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 such 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 Mortgage Estate from this Deed of Trust, (v) agrees to change some of the terms, covenants, conditions or agreements of the Facilities Lease or the Ground Lease, (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 Mortgage 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 Mortgage Estate, Beneficiary (or Deed of Trust 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 Mortgage 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.

SECTION 2.17 Beneficiary's Rights. The rights, privileges, immunities and indemnities under the Indenture and Collateral Agency Agreement shall be incorporated herein as if fully set forth herein.

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 or impair 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, and the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provision with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provision. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 3.2 Notices. All notices and communications hereunder shall be in writing and given to the Grantors and to the Beneficiary as provided in the Collateral Agency Agreement.

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 each Grantor (including all successors in interest of each Grantor in and to all or any part of the Collateral) and the successors and assigns of Deed of Trust Trustee and Beneficiary. All references in this Deed of Trust to each Grantor, Deed of Trust Trustee and Beneficiary shall be deemed to include all such successors and assigns.

SECTION 3.4 Termination and Amendment.

(a) Upon satisfaction of all conditions of Section 11.1 of the Indenture, Section 4 and Section 7 of the Facilities Lease, and Section 9.01 of the Senior Loan Agreement, 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, if any such amendment, supplement, or modification is required to effect the provisions of Article 10 of the Indenture, Section 24 of the Facilities Lease, Section 9.05 of the Senior Loan Agreement or Article XII and Section 7.08 of the Collateral Agency Agreement.

(c) In connection with any amendment, supplement, or 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 applicable Grantor the documents and shall perform such other actions reasonably requested by the Grantor, in each case, as may be required to effect the provisions of Article 10 of the Indenture, Section 24 of the Facilities Lease, Section 9.05 of the Senior Loan Agreement or Article XII and Section 7.08 of the Collateral Agency Agreement. 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”, and (e) “any of “the Mortgage Estate” shall mean “the Mortgage Estate or any part thereof or interest therein”. All references in this Deed of Trust to an exhibit shall refer to the corresponding exhibit attached to this Deed of Trust, and all exhibits attached to this Deed of Trust hereby are incorporated by each such reference into this Deed of Trust and are made a part of this Deed of Trust for all purposes. 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 Grantors hereunder is also prohibited to all lessees of any of the Mortgage Estate. For the term of this Deed of Trust, each appointment of Deed of Trust Trustee or Beneficiary as attorney-in-fact for the Grantors 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 the Grantors 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.

SECTION 3.7 Liability and Indemnification of Beneficiary. **BENEFICIARY SHALL NOT BE LIABLE FOR ANY ERROR OF JUDGMENT OR ACT DONE BY BENEFICIARY IN GOOD FAITH, OR BE OTHERWISE RESPONSIBLE OR ACCOUNTABLE UNDER ANY CIRCUMSTANCES WHATSOEVER (INCLUDING BENEFICIARY’S NEGLIGENCE), EXCEPT FOR BENEFICIARY’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.** Beneficiary shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. All monies received by Beneficiary 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 in any manner from any other monies (except to the extent required by law), and Beneficiary shall be under no liability for interest on

any monies received by it hereunder. **GRANTOR WILL REIMBURSE BENEFICIARY FOR, AND INDEMNIFY AND SAVE HIM OR HER HARMLESS AGAINST, ANY AND ALL LIABILITY AND EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES) WHICH MAY BE INCURRED BY HIM OR HER IN THE PERFORMANCE OF HIS OR HER DUTIES HEREUNDER (INCLUDING ANY LIABILITY AND EXPENSES RESULTING FROM BENEFICIARY'S OWN NEGLIGENCE, BUT EXCLUDING BENEFICIARY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT).** The foregoing indemnity shall not terminate upon release, foreclosure or other termination of this Deed of Trust.

SECTION 3.8 Joint and Several Liability of Grantors. Anything to the contrary notwithstanding all obligations of Grantors herein and, unless otherwise specifically stated (and in such case, only to the extent so stated) under the other Secured Obligation Documents, shall be the joint and several obligations of the Lessee and the Borrower.

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 Grantors 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 Grantors 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. Each 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. Each 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 Grantors 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 Mortgage Estate conveyed hereby should a sale be had, but if no such sale be had, all stuns 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 Grantors, upon written request of the Beneficiary and with-out affecting the effect of this Deed of Trust upon the remainder of the Mortgage Estate, the Deed of Trust Trustee may (A) reconvey any part of the Mortgage Estate, (B) consent in writing to the making of any map or plat thereof, so long as each Grantor has consented thereto, (C) join in granting any easement thereon, so long as each Grantor has consented thereto, or (D) join in any extension agreement or any agreement subordinating the lien or charge hereof.

ARTICLE V.

Mortgaged Leases and Easements

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. Each Grantor represents and warrants to the Beneficiary that (a) the Mortgaged Leases and the Easements 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) such Grantor enjoys the quiet and peaceful possession of the property demised thereby, (d) such 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). Each Grantor shall promptly pay, when due and payable, the rent and other charges payable pursuant to the Mortgaged Leases and the Easements, and will timely perform and observe all of the other terms, covenants and

conditions required to be performed and observed by such Grantor as lessee under the Mortgaged Leases or the Easements. Each Grantor shall notify the Beneficiary in writing of any default by such Grantor in the performance or observance of any terms, covenants or conditions on the part of such Grantor to be performed or observed under the Mortgaged Leases or the Easements within ten (10) days after such Grantor knows of such default. Each Grantor shall, promptly following the receipt thereof, deliver a copy of any notice of default given to such Grantor by the Lessor pursuant to the Mortgaged Leases or the Easements 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 or the Easements, except as restricted by the Indenture or the Senior Loan Agreement, no Grantor shall, 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 the Easements, or (ii) enter into any modification of the Mortgaged Leases or the Easements in violation of Article 10 of the Indenture, Section 24 of the Facilities Lease, Section 9.05 of the Senior Loan Agreement or Article XII and Section 7.08 of the Collateral Agency Agreement, and any such attempted termination, modification or surrender without the Beneficiary's written consent shall be void. Each 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 and the Easements are in full force and effect, is unmodified or, if the Mortgaged Leases or the Easements have been modified, the date of each modification (together with copies of each such modification), that no notice of termination thereof has been served on such 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 or the Easements, 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 Secured Obligations remain unpaid or unperformed, the fee title to and the leasehold estate in the Premises subject to the Mortgaged Leases and the Easements shall not merge but shall always be kept separate and distinct notwithstanding the union of such estates in the Lessor or the Grantors, or in a third party, by purchase or otherwise. If any Grantor acquires the fee title or any other estate, title or interest in the property demised by the Mortgaged Leases or the Easements, or any part thereof, or any part of the Leasehold Deed of Trust, 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 Mortgage Estate with the same force and effect as if specifically encumbered herein. Each 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, each 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 such Grantor. This power, being coupled with an interest, shall be irrevocable as long as any portion of the Secured Obligations remains unpaid.

SECTION 5.3 New Leases. If the Mortgaged Leases or any Easement shall be terminated prior to the natural expiration of its term due to default by the applicable Grantor or any Tenant thereunder, and if, pursuant to the provisions of the Mortgaged Leases or any Easement, the Beneficiary or its designee shall acquire from the Lessor a new lease of the Premises subject to the Mortgaged Leases or the Easements, such 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 or the Easements 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 and the Easements 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 and Easements In Bankruptcy.

(i) If any Landlord or grantor under the Mortgaged Leases or the Easements rejects or disaffirms, or seeks or purports to reject or disaffirm, such Mortgaged Leases or such Easements pursuant to any Bankruptcy Law, then the applicable Grantor shall not exercise the 365(h) Election except as otherwise provided in this paragraph. To the extent permitted by law, the applicable Grantor shall not suffer or permit the termination of the Mortgaged Leases or the Easements by exercise of the 365(h) Election or otherwise without the Beneficiary's consent. The Grantors acknowledge that because the Mortgaged Leases and the Easements are a primary element of the Beneficiary's security for the Secured Obligations, it is not anticipated that the Beneficiary would consent to termination of the Mortgaged Leases or the Easements. If any 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) Each Grantor hereby assigns to the Beneficiary the 365(h) Election with respect to the Mortgaged Leases and the Easements until the Secured Obligations have been satisfied in full. Each 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. Each Grantor further acknowledges that exercise of the 365(h) Election in favor of terminating the Mortgaged Leases or the Easements would constitute waste prohibited by this Deed of Trust.

(iii) Each Grantor acknowledges that if the 365(h) Election is exercised in favor of such Grantor's remaining in possession under the Mortgaged Leases or the Easements, then such 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 Mortgage Estate and shall be subject to the lien of this Deed of Trust.

SECTION 5.6 Rejection of Mortgaged Leases or Easements by Landlord. If a Landlord under the Mortgaged Leases or the Easements rejects or disaffirms the Mortgaged Leases or the Easements or purports or seeks to disaffirm such Mortgaged Leases or the Easements pursuant to any Bankruptcy Law, then:

(i) The applicable Grantor shall remain in possession of the Premises demised under such Mortgaged Leases or the Easements so rejected or disaffirmed and shall perform all acts necessary for such Grantor to remain in such possession for the unexpired term of such Mortgaged Leases or the Easements, whether the then existing terms and provisions of such Mortgaged Leases or the Easements 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 such Grantor's rights and remedies arising at any time under, or pursuant to, Section 365(h) of the Bankruptcy Code, including all of such Grantor's rights to remain in possession of the leased Premises.

SECTION 5.7 Assignment of Claims to Beneficiary. The applicable Grantor, immediately upon learning that any Landlord or grantor under the Mortgaged Leases or the Easements 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 or the Easements pursuant to any Bankruptcy Law), shall notify the Beneficiary of any such failure to perform. Each 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 or the Easements, and shall continue in effect until the Secured Obligations have been satisfied in full. Notwithstanding the foregoing, the Beneficiary grants to each Grantor a revocable license to exercise any such Mortgaged Leases or the Easements 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 each Grantor expressly acknowledges that by their terms, the Facilities Lease, the Ground Lease, the Indenture and the Senior Loan Agreement shall be governed by the internal law of the states identified therein, without regard to principles of conflict of law. Each 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 Appraisal.** EACH GRANTOR HEREBY WAIVES APPRAISEMENT, OR DOES NOT WAIVE APPRAISEMENT, 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. EACH GRANTOR EXPRESSLY AGREES THAT THE DEED OF TRUST TRUSTEE MAY OFFER THE MORTGAGE 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 MORTGAGE ESTATE MAY BE DESCRIBED. FURTHERMORE, IN THE EVENT AN INTEREST IN ANY OF THE MORTGAGE ESTATE IS FORECLOSED UPON PURSUANT TO A JUDICIAL OR NON-JUDICIAL FORECLOSURE SALE, SUCH 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, SUCH GRANTOR AGREES THAT BENEFICIARY OR DEED OF TRUST TRUSTEE, AS THE CASE MAY BE, SHALL BE ENTITLED TO SEEK A DEFICIENCY JUDGMENT FROM SUCH GRANTOR AND ANY OTHER PARTY OBLIGATED IN RESPECT OF THE SECURED OBLIGATIONS EQUAL TO THE DIFFERENCE BETWEEN THE AMOUNT OF THE SECURED OBLIGATIONS AND THE AMOUNT FOR WHICH THE MORTGAGE ESTATE WAS SOLD PURSUANT TO JUDICIAL OR NON-JUDICIAL FORECLOSURE SALE. EACH GRANTOR EXPRESSLY RECOGNIZES THAT THIS SECTION CONSTITUTES A WAIVER OF THE ABOVE-CITED PROVISIONS OF THE TEXAS PROPERTY CODE WHICH WOULD OTHERWISE PERMIT SUCH 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 MORTGAGE 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. EACH 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 MORTGAGE ESTATE FOR PURPOSES OF CALCULATING DEFICIENCIES OWED BY SUCH GRANTOR OR ANY OTHER PERSON AGAINST WHOM RECOVERY OF A DEFICIENCY IS SOUGHT.

(b) **Limitation on Interest.** All agreements between the Grantors 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 Secured 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 Secured Obligations and not to the payment of interest or, if such excessive interest exceeds the unpaid balance of principal of the Secured Obligations, such excess shall be refunded to the applicable 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 Secured 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 the Grantors and Beneficiary. To the extent that Chapter 303 of the Texas Finance Code is relevant for the purpose of determining the maximum lawful amount applicable to the Beneficiary, the Beneficiary elects to determine the applicable rate ceiling under such Chapter by the “weekly ceiling” from time to time in effect. Chapter 346 of the Texas Finance Code does not apply to the Grantors’ obligations hereunder.

(c) **Intentionally Deleted.**

(d) **Entire Agreement.** THIS DEED OF TRUST AND THE FACILITIES LEASE, AND THE GROUND LEASE 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 Mortgage 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. on the first Tuesday, or if the first Tuesday of a month occurs on January 1 or July 4, on the first Wednesday of the month, in any month that is no later than three (3) hours after the time stated in the notice described below, at the county court house in the county in which the Mortgage Estate is situated (or, if the Mortgage Estate is located in more than one county, the sale may be made at the county courthouse in any county in which the Mortgage Estate is located), after complying with the statutes and procedures of the State of Texas (the “State”) governing such sales and after advertising the time, place, and terms of said sale and the Mortgage Estate to be sold and by posting or causing to be posted for at least twenty-one (21) 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 Mortgage Estate is located in more than one county, one notice shall be posted at the courthouse door of each county in which the Mortgage 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 Mortgage Estate is located and shall serve written notice of the proposed sale by certified mail on the applicable Grantor and on each other debtor, if any, obligated to pay the Secured Obligations. Service of such notice shall be completed upon deposit of the notice enclosed in a postpaid wrapper, properly addressed to the applicable 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. Each Grantor agrees 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 in effect at the time of such sale shall constitute sufficient notice of such sale. Each Grantor does hereby authorize and empower said Deed of Trust Trustee and each and all of his or its successors in this trust, to sell the Mortgage 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 Mortgage Estate are less than the sum of the then-outstanding Secured Obligations and all amounts owed under this Deed of Trust, this Deed of Trust and the lien covering the Mortgage Estate will remain in full force and effect as to the unsold portion of the Mortgage Estate. After each sale, the Deed of Trust Trustee will execute and deliver to the purchaser or purchasers of the Mortgage Estate good and sufficient deeds of conveyance thereof in the name of the applicable 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, each Grantor binds 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 Article 7 of the Indenture. The provisions hereof with respect to the sale of the Mortgage Estate are intended to comply with the provisions of Section 51.002 of the Property Code of the State, relating to the sale of collateral after default by a debtor, or by any other present or subsequent articles or enactments relating to same, and in the event the requirements, or any notice, under such Section 51.002 of the Property Code of the State or Chapter 9 of the Texas Business and Commerce Code shall be eliminated or the prescribed manner of giving such notices modified by future amendment to, or adoption of any statute superseding, Section 51.002 of the Property Code of the State, the requirement for such particular notices shall be deemed stricken from or modified in this instrument in conformity with such amendment or superseding statute, effective as of the effective date thereof. In the event any sale of all or any portion of the Mortgage Estate hereunder is not completed or is defective in the opinion of Beneficiary, such sale shall not exhaust the power of sale hereunder and Beneficiary shall have the right to cause a subsequent sale or sales of the Mortgage Estate to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds given by Deed of Trust Trustee or any successor or substitute appointed hereunder as to nonpayment of the Secured Obligations, or as to the

occurrence of any Event of Default, or as to Beneficiary having declared all of such Secured Obligations to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and of the portions of the Mortgage Estate to be sold having been duly given, or as to the refusal, failure or inability to act of Deed of Trust Trustee or any substitute or successor, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Beneficiary or by such Deed of Trust Trustee, substitute or successor, shall be taken as conclusive (absent manifest error) evidence of the truth of the facts so stated and recited. Deed of Trust Trustee, his successor or substitute, may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Deed of Trust Trustee, including the mailing and posting of notices, but in the name and on behalf of Deed of Trust Trustee, his successor or substitute.

(f) TEXAS FINANCE CODE SECTION 307.052 COLLATERAL PROTECTION INSURANCE NOTICE: (A) EACH GRANTOR IS REQUIRED TO: (i) KEEP THE DEED OF TRUST INSURED AGAINST DAMAGE IN THE AMOUNT THE BENEFICIARY SPECIFIES; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME THE BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF A LOSS; (B) EACH GRANTOR MUST, IF REQUIRED BY THE BENEFICIARY, DELIVER TO THE BENEFICIARY A COPY OF THE POLICY AND PROOF OF THE PAYMENT OF PREMIUMS; AND (C) IF ANY GRANTOR FAILS TO MEET ANY REQUIREMENT LISTED IN CLAUSES (A) OR (B), THE BENEFICIARY MAY OBTAIN COLLATERAL PROTECTION INSURANCE ON BEHALF OF SUCH GRANTOR AT SUCH GRANTOR'S EXPENSE.

IN WITNESS WHEREOF, each 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 2020 BOND BORROWER LLC, a
Delaware limited liability company
By: /s/ Demetrios Tserpelis
Print Name: Demetrios Tserpelis
Title: Authorized Signatory

STATE OF NEW YORK

COUNTY OF NEW YORK

The foregoing instrument was acknowledged before me by Demetrios Tserpelis, the Authorized Signatory of JEFFERSON 2020 BOND BORROWER LLC, Delaware limited liability company, this 10th day of February, 2020.

/s/ Rosario Rutzy Lualhati
Notary Public – State of New York

Rosario Rutzy Lualhati
Notary Public – State of New York
NO. 01LU6241290
Qualified in New York County
My Commission Expires May 16, 2023

(Seal)

Signature Page

GRANTOR:
JEFFERSON 2020 BOND LESSEE LLC, a
Delaware limited liability company

By: /s/ Demetrios Tserpelis
Print Name: Demetrios Tserpelis
Title: Authorized Signatory

STATE OF NEW YORK

COUNTY OF NEW YORK

The foregoing instrument was acknowledged before me by Demetrios Tserpelis, the Authorized Signatory of JEFFERSON 2020 BOND LESSEE LLC, Delaware limited liability company, this 10th day of February, 2020.

/s/ Rosario Rutzy Lualhati
Notary Public – State of New York

Rosario Rutzy Lualhati
Notary Public – State of New York
NO. 01LU6241290
Qualified in New York County
My Commission Expires May 16, 2023

(Seal)

Signature Page

EXHIBIT A

Description of the Land

TRACT I

2.42 ACRES OF LAND

**OUT OF THE GILBERT STEVENSON SURVEY, ABSTRACT NO. 167
ORANGE COUNTY, TEXAS**

BEING 2.42 acres of land out of and a part of the Gilbert Stevenson Survey, Abstract No. 167, Orange County, Texas; being part of a (Called 215.626) acre tract of land described in a deed to Port of Beaumont Navigation District of Jefferson County, recorded in File No. 273775, Official Public Records, Orange County, Texas; said 2.42 acre tract being more fully described as follows, to wit:

***Note:** Bearings, coordinates, distances and acreage are based on the Texas Coordinate System of 1983, Central Zone, US Survey Feet, and are referenced to SmartNet, North America.*

BEGINNING at a ½” steel rod, capped and marked “F&S”, found on the intersection of the West right of way line of a dedicated road named Old Highway 90, recorded in Volume 41, Page 336, Deed Records, Orange County, Texas and the Northwesterly line of a 150’ wide Texarkana & Fort Smith Railway Company right of way, recorded in Volume 6, Page 34, Deed Records, Orange County, Texas; said ½” steel rod being the Northeast corner of the herein described tract; having a Texas Coordinate of N: 10053081.35, E: 4275342.92;

THENCE, South 55 deg., 02 min., 05 sec., West, on the Northwesterly line of said Texarkana & Fort Smith Railway Company right of way, a distance of 358.32’ to a point for corner;

THENCE, South 79 deg., 20 min., 34 sec., West, a distance of 97.11’ to a point for corner;

THENCE, South 55 deg., 24 min., 32 sec., West, a distance of 142.65’ to a point for corner;

THENCE, North 37 deg., 04 min., 43 sec., West, a distance of 114.81’ to a point for corner;

THENCE, North 71 deg., 24 min., 54 sec., West, a distance of 69.38’ to a point for corner;

THENCE, South 75 deg., 51 min., 51 sec., West, a distance of 123.95’ to a point for corner on the Southerly line of an 8.02 acre tract of land surveyed this date for access easement purposes; said point for corner being the most Westerly corner of the herein described tract;

THENCE, North 53 deg., 47 min., 01 sec., East, on the Southerly line of the 8.02 acre tract, a distance of 171.55’ to a point for corner;

THENCE, South 33 deg., 34 min., 05 sec., East, a distance of 62.85’ to a point for corner;

THENCE, South 67 deg., 42 min., 24 sec., East, a distance of 26.08’ to a point for corner;

THENCE, North 53 deg., 42 min., 09 sec., East, a distance of 180.41' to a point for corner;

THENCE, North 15 deg., 45 min., 57 sec., West, a distance of 36.10' to a point for corner;

THENCE, North 53 deg., 15 min., 05 sec., East, a distance of 246.87' to a point for corner being the most Northerly Northeast corner of the herein described tract;

THENCE, South 65 deg., 03 min., 48 sec., East, a distance of 254.83' to the **POINT OF BEGINNING** and containing 2.42 acres of land, more or less.

Exhibit A-2

TRACT II
198.1 ACRES OF LAND AND WATER
OUT OF THE GILBERT STEVENSON SURVEY, ABSTRACT NO. 167
AND THE WILLIAM STEPHENSON SURVEY, ABSTRACT NO. 23,
ORANGE COUNTY, TEXAS

BEING 198.1 acres of land and water out of and a part of a 204.2 acre tract of land, part of the Gilbert Stevenson Survey, Abstract No. 167 and the William Stephenson Survey, Abstract No. 23, Orange County, Texas; being part of a (Called 250) acre tract of land recorded as Tract 12, described in a deed to Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas; said 198.1 acre tract being part of the following 204.2 acres tract which is more fully described by metes and bounds as follows, to wit:

COMMENCING at a ½” steel rod, capped and marked “SOUTEX”, set for the Northwest corner of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas; said ½” steel rod being on the Southerly line of a 200’ wide right of way for Southern Pacific Railroad Corporation, formerly the Texas and New Orleans Railroad Company, having a Texas Coordinate of N: 10052022.78, E: 4274198.88;

THENCE, South 05 deg., 58 min., 02 sec., East, on the West line of the (Called 503.688) acre tract, a distance of 15.01’ to a point for corner being the **POINT OF BEGINNING** and Northeast corner of the herein described tract; having a Texas Coordinate of N: 10052007.85, E: 4274200.44;

THENCE, South 05 deg., 58 min., 02 sec., East, continuing on the West line of the (Called 503.688) acre tract, a distance of 106.57’ to a point for corner;

THENCE, South 42 deg., 00 min., 28 sec., West, a distance of 62.31’ to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 405.06’, an arc length of 372.94’, a chord bearing of South 15 deg., 37 min., 47 sec., West, a chord distance of 359.91’ to a point for corner;

THENCE, South 10 deg., 14 min., 55 sec., East, a distance of 2074.41’ to a point for corner;

THENCE, on the arc of a curve to the right having a radius of 1014.00’, an arc length of 74.80’, a chord bearing of South 08 deg., 08 min., 07 sec., East, a chord distance of 74.79’ to a point for corner;

THENCE, South 06 deg., 01 min., 18 sec., East, a distance of 698.87’ to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 480.00', an arc length of 386.07', a chord bearing of South 17 deg., 01 min., 12 sec., West, a chord distance of 375.75' to a point for corner;

THENCE, North 83 deg., 41 min., 59 sec., East, a distance of 171.57' to a point for corner on the West line of the (Called 503.688) acre tract;

THENCE, South 06 deg., 06 min., 36 sec., East, on the West line of the (Called 503.688) acre tract, a distance of 496.21' passing a 1" steel pipe found; having a Texas Coordinate of N: 10047865.04, E: 4274639.84; continuing for a total distance of 576.03' to a point for corner on the Northerly bank of the Neches River; said point for corner being the Southeast corner of the herein described tract;

THENCE, the following bearings and distances on the Northerly bank line of said Neches River:

South 68 deg., 51 min., 37 sec., West, 19.55'

South 61 deg., 58 min., 33 sec., West, 11.08'

South 49 deg., 52 min., 13 sec., West, 18.40'

South 65 deg., 33 min., 00 sec., West, 9.15'

South 85 deg., 26 min., 23 sec., West, 22.41'

North 86 deg., 16 min., 39 sec., West, 6.40'

North 62 deg., 49 min., 45 sec., West, 6.41'

North 45 deg., 20 min., 41 sec., West, 16.60'

North 34 deg., 56 min., 15 sec., West, 15.66'

North 43 deg., 04 min., 00 sec., West, 21.21'

North 56 deg., 11 min., 37 sec., West, 6.44'

North 70 deg., 09 min., 37 sec., West, 8.91'

North 73 deg., 54 min., 50 sec., West, 10.07'

North 77 deg., 32 min., 48 sec., West, 6.19'

North 86 deg., 13 min., 32 sec., West, 13.05'

Exhibit A-4

THENCE, South 89 deg., 06 min., 25 sec., West, a distance of 177.70' to a point for corner on the East line of a 4.54 acre tract of land surveyed this date;

THENCE, North 02 deg., 38 min., 57 sec., West, on the East line of the 4.54 acre tract, a distance of 424.19' to a point for corner on the South line of a 8.02 acre tract of land surveyed this date for access easement purposes, said point for corner being the Northeast corner of the 4.54 acre tract;

THENCE, South 57 deg., 29 min., 07 sec., West, on the South line of the 8.02 acre tract, same being the North line of the 4.54 acre tract, a distance of 144.73' to a point for corner;

THENCE, continuing on the North line of the 4.54 acre tract, on the arc of a curve to the right having a radius of 685.00', an arc length of 544.86', a chord bearing of South 80 deg., 16 min., 20 sec., West, a chord distance of 530.61' to a point for corner being the Northwest corner of the 4.54 acre tract;

THENCE, South 02 deg., 43 min., 18 sec., East, on the West line of the 4.54 acre tract, a distance of 286.03' to a point for corner;

THENCE, South 87 deg., 17 min., 53 sec., West, a distance of 124.03' to a point for corner;

THENCE, North 66 deg., 07 min., 01 sec., West, a distance of 1454.99' to a point for corner;

THENCE, North 45 deg., 58 min., 48 sec., West, a distance of 290.00' to a point for corner;

THENCE, North 61 deg., 40 min., 48 sec., West, a distance of 250.00' to a point for corner;

THENCE, North 81 deg., 16 min., 48 sec., West, a distance of 131.12' to a point for corner;

THENCE, North 64 deg., 37 min., 28 sec., West, a distance of 180.75' to a point for corner;

THENCE, North 19 deg., 56 min., 45 sec., West, a distance of 22.47' to a point for corner;

THENCE, North 64 deg., 55 min., 40 sec., West, a distance of 165.30' to a point for corner;

THENCE, North 50 deg., 57 min., 40 sec., West, a distance of 267.80' to a point for corner;

THENCE, North 37 deg., 19 min., 55 sec., West, a distance of 160.59' to a point for corner;

THENCE, North 54 deg., 39 min., 10 sec., West, a distance of 118.40' to a point for corner;

THENCE, North 09 deg., 58 min., 34 sec., West, a distance of 365.94' to a point for corner;

THENCE, North 76 deg., 36 min., 47 sec., West, a distance of 82.00' to a point for corner on the Southeasterly line of Kansas City Southern Railroad right of way, recorded in Volume 2, Page 45, Map Records, Orange County, Texas;

THENCE, North 55 deg., 02 min., 05 sec., East, on the Southeasterly line of said Kansas City Southern Railroad right of way, a distance of 4176.20' to the **POINT OF BEGINNING** and containing 204.2 acres of land and water, more or less, save and except 6.09 acres of land for access easement purposes, which lies within the 8.02 acre tract known as Tract IV and is described as follows.

BEING 8.02 acres of land out of and a part of the Gilbert Stevenson Survey, Abstract No. 167 and the William Stephenson Survey, Abstract No. 23, Orange County, Texas; being part of a (Called 250) acre tract of land, recorded as Tract 12, described in a deed to Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas, and part of a (Called 215.626) acre tract of land described in a deed to Port of Beaumont Navigation District of Jefferson County, recorded in File No. 273775, Official Public Records, Orange County, Texas; said 8.02 acre tract being more fully described by metes and bounds as follows, to wit:

COMMENCING at a ½" steel rod, capped and marked "F&S", found on the intersection of the West right of way line of a dedicated road named Old Highway 90, recorded in Volume 41, Page 336, Deed Records, Orange County, Texas and the Northwesterly line of a 150' wide Texarkana and Fort Smith Railway Company right of way, recorded in Volume 6, Page 34, Deed Records, Orange County, Texas; said ½" steel rod being the most Easterly corner of the (Called 215.626) acre tract; having a Texas Coordinate of N: 10053081.35, E: 4275342.92;

THENCE, on the West right of way line of said Old Highway 90, same being the Northerly line of the (Called 215.626) acre tract on an arc of a curve to the left having a radius of 767.76', an arc length of 293.41', a chord bearing of North 57 deg., 26 min., 10 sec., West, a chord distance of 291.62' to a point for corner being the **POINT OF BEGINNING** and Northeast corner of the herein described tract; having a Texas Coordinate of N: 10053238.31, E: 4275097.14;

THENCE, South 53 deg., 47 min., 01 sec., West, a distance of 639.55' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 1384.00', an arc length of 1416.18', a chord bearing of South 24 deg., 28 min., 11 sec., West, a chord distance of 1355.20' to a point for corner;

THENCE, North 85 deg., 28 min., 18 sec., East, a distance of 18.22' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 435.00', an arc length of 274.97', a chord bearing of South 23 deg., 53 min., 55 sec., West, a chord distance of 270.42' to a point for corner;

THENCE, North 42 deg., 00 min., 28 sec., East, a distance of 89.35' to a point for corner on the East line of the (Called 250) acre tract, same being the West line of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas;

THENCE, South 05 deg., 58 min., 02 sec., East, on the common line of the (Called 250 and 503.688) acre tracts, a distance of 40.38' to a point for corner;

THENCE, South 42 deg., 00 min., 28 sec., West, a distance of 62.31' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 405.00', an arc length of 369.38', a chord bearing of South 15 deg., 52 min., 46 sec., West, a chord distance of 356.71' to a point for corner;

THENCE, South 10 deg., 14 min., 55 sec., East, a distance of 2077.98' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1014.00', an arc length of 74.80', a chord bearing of North 08 deg., 08 min., 07 sec., West, a chord distance of 74.79' to a point for corner;

THENCE, South 06 deg., 01 min., 18 sec., East, a distance of 698.87' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 480.00', an arc length of 532.04', a chord bearing of South 25 deg., 43 min., 54 sec., West, a chord distance of 505.22' to a point for corner;

THENCE, South 57 deg., 29 min., 07 sec., West, a distance of 22.12' to a point for corner being the Northeast corner of a 4.54 acre tract of land surveyed this date;

THENCE, South 02 deg., 38 min., 57 sec., East, on the East line of the 4.54 acre tract, a distance of 424.19' to a point for corner being the Southeast corner of the 4.54 acre tract;

THENCE, South 87 deg., 24 min., 44 sec., West, on the South line of a 4.54 acre tract, a distance of 30.00' to a point for corner;

THENCE, North 02 deg., 38 min., 57 sec., West, a distance of 406.93' to a point for corner;

THENCE, South 57 deg., 29 min., 07 sec., West, a distance of 110.14' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 685.00', an arc length of 633.59', a chord bearing of South 83 deg., 58 min., 59 sec., West, a chord distance of 611.25' to a point for corner;

THENCE, North 69 deg., 31 min., 08 sec., West, a distance of 749.38' to a point for corner;

Exhibit A-7

THENCE, South 20 deg., 28 min., 52 sec., West, a distance of 256.25' to a point for corner;

THENCE, North 65 deg., 59 min., 12 sec., West, a distance of 30.05' to a point for corner;

THENCE, North 20 deg., 28 min., 52 sec., East, a distance of 278.47' to a point for corner;

THENCE, South 69 deg., 31 min., 08 sec., East, a distance of 146.25' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 500.00', an arc length of 32.63', a chord bearing of South 71 deg., 23 min., 18 sec., East, a chord distance of 32.62' to a point for corner;

THENCE, South 73 deg., 15 min., 29 sec., East, a distance of 59.36' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 500.00', an arc length of 32.63', a chord bearing of North 71 deg., 23 min., 18 sec., West, a chord distance of 32.62' to a point for corner;

THENCE, South 69 deg., 31 min., 08 sec., East, a distance of 508.68' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 655.00', an arc length of 605.84', a chord bearing of North 83 deg., 58 min., 59 sec., East, a chord distance of 584.48' to a point for corner;

THENCE, North 57 deg., 29 min., 07 sec., East, a distance of 166.85' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 450.00', an arc length of 498.78', a chord bearing of North 25 deg., 43 min., 54 sec., East, a chord distance of 473.64' to a point for corner;

THENCE, North 06 deg., 01 min., 18 sec., West, a distance of 698.87' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 984.00', an arc length of 72.59', a chord bearing of North 08 deg., 08 min., 07 sec., West, a chord distance of 72.57' to a point for corner;

THENCE, North 10 deg., 14 min., 55 sec., West, a distance of 952.59' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 2000.00', an arc length of 244.49', a chord bearing of North 13 deg., 45 min., 02 sec., West, a chord distance of 244.34' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 4030.00', an arc length of 492.65', a chord bearing of North 13 deg., 45 min., 02 sec., West, a chord distance of 492.34' to a point for corner;

Exhibit A-8

THENCE, North 10 deg., 14 min., 55 sec., West, a distance of 381.72' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1420.00', an arc length of 134.30', a chord bearing of North 07 deg., 32 min., 21 sec., West, a chord distance of 134.25' to a point for corner;

THENCE, South 85 deg., 28 min., 18 sec., West, a distance of 47.03' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 623.85', an arc length of 404.82', a chord bearing of South 36 deg., 20 min., 34 sec., West, a chord distance of 397.76' to a point for corner;

THENCE, South 54 deg., 55 min., 58 sec., West, a distance of 158.40' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1000.00', an arc length of 193.40', a chord bearing of South 60 deg., 28 min., 23 sec., West, a chord distance of 193.10' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 1280.00', an arc length of 246.33', a chord bearing of South 60 deg., 30 min., 01 sec., West, a chord distance of 245.95' to a point for corner;

THENCE, North 35 deg., 00 min., 46 sec., West, a distance of 35.00' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1315.00', an arc length of 253.06', a chord bearing of North 60 deg., 30 min., 01 sec., East, a chord distance of 252.67' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 965.00', an arc length of 186.63', a chord bearing of North 60 deg., 28 min., 23 sec., East, a chord distance of 186.34' to a point for corner;

THENCE, North 54 deg., 55 min., 58 sec., East, a distance of 155.75' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 588.84', an arc length of 408.32', a chord bearing of North 35 deg., 04 min., 02 sec., East, a chord distance of 400.19' to a point for corner;

THENCE, North 15 deg., 12 min., 06 sec., East, a distance of 464.36' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1416.00', an arc length of 854.37', a chord bearing of North 31 deg., 57 min., 53 sec., East, a chord distance of 841.47' to a point for corner;

THENCE, North 48 deg., 24 min., 58 sec., East, a distance of 239.79' to a point for corner;

THENCE, North 53 deg., 47 min., 01 sec., East, a distance of 418.96' to a point for corner;

THENCE, on the arc of a curve to the left having a radius of 50.00', an arc length of 52.27', a chord bearing of North 23 deg., 50 min., 17 sec., East, a chord distance of 49.92' to a point for corner on the West right of way line of said Old Highway 90; same being the Northeasterly line of the (Called 215.626) acre tract;

THENCE, South 70 deg., 34 min., 08 sec., East, on the West right of way line of said Old Highway 90, same being the Northeasterly line of the (Called 215.626) acre tract, a distance of 56.77' to a point for corner;

THENCE, continuing on the West right of way line of said Old Highway 90, same being the Northeasterly line of the (Called 215.626) acre tract on an arc of a curve to the right having a radius of 767.76', an arc length of 33.60', a chord bearing of South 69 deg., 36 min., 49 sec., East, a chord distance of 33.60' to the **POINT OF BEGINNING** and containing 8.02 acres of land, more or less.

Exhibit A-10

**TRACT III
4.25 ACRES OF LAND
OUT OF THE WILLIAM STEPHENSON SURVEY, ABSTRACT NO. 23
ORANGE COUNTY, TEXAS**

BEING 4.25 acres of land out of and a part of the William Stephenson Survey, Abstract No. 23, Orange County, Texas; being part of a (Called 250) acre tract of land recorded as Tract 12, described in a deed to Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas; said 4.25 acre tract being more fully described by metes and bounds as follows, to wit:

BEGINNING at a point for corner on the South line of an 8.02 acre tract of land surveyed this date for access purposes; said point for corner being the Northeast corner of the herein described tract; having a Texas Coordinate of N: 10048231.00, E: 4274258.65; from which a 3" steel pipe found on the common line of the Gilbert Stevenson Survey, Abstract No. 167, and the William Stephenson Survey, Abstract No. 23, on the West line of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas, bears North 04 deg., 09 min., 08 sec., East, a distance of 1915.82' and a 1" steel pipe found on the West line of the (Called 503.688) acre tract, bears South 47 deg., 32 min., 11 sec., East, a distance of 515.84';

THENCE, South 02 deg., 38 min., 57 sec., East, on a portion of the West line of the 8.02 acre tract, a distance of 406.93' to a point for corner being the Southeast corner of the herein described tract;

THENCE, South 87 deg., 24 min., 44 sec., West, a distance of 621.71' to a point for corner being the Southwest corner of the herein described tract;

THENCE, North 02 deg., 43 min., 18 sec., West, a distance of 286.03' to a point for corner on the South line of the 8.02 acre tract; said point for corner being the Northwest corner of the herein described tract;

THENCE, on the South line of the 8.02 acre tract, on an arc of a curve to the left having a radius of 685.00', an arc length of 544.86', a chord bearing of North 80 deg., 16 min., 20 sec., East, a chord distance of 530.61 to a point for corner;

THENCE, North 57 deg., 29 min., 07 sec., East, a distance of 110.14' to the **POINT OF BEGINNING** and containing 4.25 acres of land, more or less.

EXHIBIT B

Lessor's Existing Property

Tanks*:

- 2100 (123,000 BBL)
- 2101 (123,000 BBL)
- 2102 (123,000 BBL)
- 2300 (283,000 BBL) Crude Storage tank with floating roof
- 2301 (275,000 BBL) Crude Storage tank with floating roof
- 33400 (123,000 BBL)
- 33500 (123,000 BBL)

***Includes all related piping, racks, and ancillary equipment.**

West Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

2100 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/Piping Install

2300 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/Piping Install

Tracks:

- LL108 (11,600 TF)
- RL 113 “aka - Track 3” (approximately 8,536 TF)
- 1 Set of unloading tracks 14,445 TFT
 - HR 112& 117 “aka— 811” (6,184 ft)
 - HR 109 “aka — M” (2,721 ft)
 - HR 110 “aka — N” (2,426 ft)
 - HR 111 “aka — 0” (2,553 ft)
 - Crossover 8 “aka — P” (561 ft) **Docks:**
- OC-1

Heavy Crude System — Trench, Can and unloading pumps (incl. MCC3)

- Civil, Pilings, and subsurface drainage for trench
- 60” concrete culvert, ditches, and gates
- (2) Concrete trenches, each measuring two thousand feet in length, approximately 10’ wide with depths varying from 5’ to 10’
- (1) 50’ x 80’ x 15’ deep concrete tank sump supported by augercast piles
- T-32000 Sump Tank
- Civil, Pilings, and structural steel for motors
- (3) — LSNG 164/160 ASSGIA-G, with Ductile Iron Non-Spacer Coupling, 350 HP Electric Motor and installation
- Lighting at trench
- 20’ x 50’ MCC 3 building
- 25-ton HVAC
- Switch gear, VFD’s Harmonic Filters and wiring
- Piping Expansion Joints
- Handrails and Steps - Trench

Barge Loading Pumps

- 33400 & 33500 Manifold (Mechanical & Piping)
- Civil, Piling, and Concrete
- L5NG/186/160 Pumps

Exhibit B-3

EXHIBIT C
Jefferson-Owned Property
(Equity Funded or Taxable Bond Funded Assets)

Tanks*:

2000 (123,000 BBL)

2001 (123,000 BBL)

2002 (36,000 BBL)

2302 (256,000 BBL)

2303 (256,000 BBL)

2304 (302,000 BBL)

2209 (121,000 BBL)

2210 (180,000 BBL)

2211 (180,000 BBL)

2212 (180,000 BBL)

***Includes all related piping, racks, and ancillary equipment.**

Central Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

2000 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

2200 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

Tracks:

- RL 116 (8,724 TF)
- RL 115 (8,767 TF)
- RL 114 (8,808 TF)
- BO 400 (1,684 TF)
- ER 107 (8,574 TF)
- Lead 113 (938 TF)
- ER 106 (1,560 TF)
- ER 105 (3,011 TF)
- ER 104 (2,393 TF)
- ER 103 (2,613 TF)
- ER 102 (2,482 TF)
- ER 101 (1,130 TF)
- RS 221 (882 TF)
- RS 222 (1,000 TF)
- RS 223 (1,530 TF)
- RS 224 (1,298 TF)
- RS 225 (3,087 TF)
- RS 226 (1,570 TF)
- RS 227 (2,267 TF)
- RS 228 (2,404 TF)
- RS 229 (3,898 TF)
- Crossover 2 (212 TF)
- Crossover 3 (212 TF)
- Crossover 4 (302 TF)
- Crossover 5 (212 TF)
- Crossover 6 (194 TF)

- Crossover 7 (446 TF)
- Crossover 9 (393 TF)
- Crossover 10 (212 TF)
- Crossover 11 (393 TF)
- Crossover 12 (212 TF)
- Crossover 13 (469 TF)

Docks:

OC-3 Barge Dock
Loading/Unloading Equipment

Steam Generation/Boilers

EXHIBIT D

Tax-Exempt New Property

Tax-Exempt New Property

Tanks:

2305 (458,000 BBL)

2306 (458,000 BBL)

2307 (458,000 BBL)

Rail Improvements:

- Track 120 (3,321 TF)
- Track 122 (2,501 TF)
- Track 123 (2,632 TF)
- Track 125 (3,890 TF)
- Track 130 (1,629 TF)
- Outer Track (8782 TF)

Taxable New Property

Rail Improvements:

A portion of the rail improvements described above under “Tax-Exempt New Property” as Track 120, 122, 123, 125, 130 and Outer Track, to be constructed by Lessee using a portion of the proceeds of the Taxable Series 2020B Bonds.

Ownership of all Tax-Exempt New Property, as well as the property referenced above as “Taxable New Property”, will be transferred by the Lessee, and if applicable Lessee shall cause ownership of any of such property held by any affiliate to be transferred, to the Lessor upon completion thereof and thereupon such property shall become a part of Lessor’s Tax-Exempt New Property and leased to Lessee under this Facilities Lease.

EXHIBIT E

Easements

**TRACT IV
EASEMENT ESTATE
8.02 ACRES OF LAND OUT OF
THE GILBERT STEVENSON SURVEY, ABSTRACT NO. 167
AND THE WILLIAM STEPHENSON SURVEY, ABSTRACT NO. 23
ORANGE COUNTY, TEXAS**

BEING 8.02 acres of land out of and a part of the Gilbert Stevenson Survey, Abstract No. 167 and the William Stephenson Survey, Abstract No. 23, Orange County, Texas; being part of a (Called 250) acre tract of land, recorded as Tract 12, described in a deed to Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas, and part of a (Called 215.626) acre tract of land described in a deed to Port of Beaumont Navigation District of Jefferson County, recorded in File No. 273775, Official Public Records, Orange County, Texas; said 8.02 acre tract being more fully described by metes and bounds as follows, to wit:

COMMENCING at a ½” steel rod, capped and marked “F&S”, found on the intersection of the West right of way line of a dedicated road named Old Highway 90, recorded in Volume 41, Page 336, Deed Records, Orange County, Texas and the Northwesterly line of a 150’ wide Texarkana and Fort Smith Railway Company right of way, recorded in Volume 6, Page 34, Deed Records, Orange County, Texas; said ½” steel rod being the most Easterly corner of the (Called 215.626) acre tract; having a Texas Coordinate of N: 10053081.35, E: 4275342.92;

THENCE, on the West right of way line of said Old Highway 90, same being the Northerly line of the (Called 215.626) acre tract on an arc of a curve to the left having a radius of 767.76’, an arc length of 293.41’, a chord bearing of North 57 deg., 26 min., 10 sec., West, a chord distance of 291.62’ to a point for corner being the **POINT OF BEGINNING** and Northeast corner of the herein described tract; having a Texas Coordinate of N: 10053238.31, E: 4275097.14;

THENCE, South 53 deg., 47 min., 01 sec., West, a distance of 639.55’ to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 1384.00’, an arc length of 1416.18’, a chord bearing of South 24 deg., 28 min., 11 sec., West, a chord distance of 1355.20’ to a point for corner;

THENCE, North 85 deg., 28 min., 18 sec., East, a distance of 18.22’ to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 435.00’, an arc length of 274.97’, a chord bearing of South 23 deg., 53 min., 55 sec., West, a chord distance of 270.42’ to a point for corner;

THENCE, North 42 deg., 00 min., 28 sec., East, a distance of 89.35' to a point for corner on the East line of the (Called 250) acre tract, same being the West line of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas;

THENCE, South 05 deg., 58 min., 02 sec., East, on the common line of the (Called 250 and 503.688) acre tracts, a distance of 40.38' to a point for corner;

THENCE, South 42 deg., 00 min., 28 sec., West, a distance of 62.31' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 405.00', an arc length of 369.38', a chord bearing of South 15 deg., 52 min., 46 sec., West, a chord distance of 356.71' to a point for corner;

THENCE, South 10 deg., 14 min., 55 sec., East, a distance of 2077.98' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1014.00', an arc length of 74.80', a chord bearing of North 08 deg., 08 min., 07 sec., West, a chord distance of 74.79' to a point for corner;

THENCE, South 06 deg., 01 min., 18 sec., East, a distance of 698.87' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 480.00', an arc length of 532.04', a chord bearing of South 25 deg., 43 min., 54 sec., West, a chord distance of 505.22' to a point for corner;

THENCE, South 57 deg., 29 min., 07 sec., West, a distance of 22.12' to a point for corner being the Northeast corner of a 4.54 acre tract of land surveyed this date;

THENCE, South 02 deg., 38 min., 57 sec., East, on the East line of the 4.54 acre tract, a distance of 424.19' to a point for corner being the Southeast corner of the 4.54 acre tract;

THENCE, South 87 deg., 24 min., 44 sec., West, on the South line of a 4.54 acre tract, a distance of 30.00' to a point for corner;

THENCE, North 02 deg., 38 min., 57 sec., West, a distance of 406.93' to a point for corner;

THENCE, South 57 deg., 29 min., 07 sec., West, a distance of 110.14' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 685.00', an arc length of 633.59', a chord bearing of South 83 deg., 58 min., 59 sec., West, a chord distance of 611.25' to a point for corner;

THENCE, North 69 deg., 31 min., 08 sec., West, a distance of 749.38' to a point for corner;

THENCE, South 20 deg., 28 min., 52 sec., West, a distance of 256.25' to a point for corner;

THENCE, North 65 deg., 59 min., 12 sec., West, a distance of 30.05' to a point for corner;

THENCE, North 20 deg., 28 min., 52 sec., East, a distance of 278.47' to a point for corner;

THENCE, South 69 deg., 31 min., 08 sec., East, a distance of 146.25' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 500.00', an arc length of 32.63', a chord bearing of South 71 deg., 23 min., 18 sec., East, a chord distance of 32.62' to a point for corner;

THENCE, South 73 deg., 15 min., 29 sec., East, a distance of 59.36' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 500.00', an arc length of 32.63', a chord bearing of North 71 deg., 23 min., 18 sec., West, a chord distance of 32.62' to a point for corner;

THENCE, South 69 deg., 31 min., 08 sec., East, a distance of 508.68' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 655.00', an arc length of 605.84', a chord bearing of North 83 deg., 58 min., 59 sec., East, a chord distance of 584.48' to a point for corner;

THENCE, North 57 deg., 29 min., 07 sec., East, a distance of 166.85' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 450.00', an arc length of 498.78', a chord bearing of North 25 deg., 43 min., 54 sec., East, a chord distance of 473.64' to a point for corner;

THENCE, North 06 deg., 01 min., 18 sec., West, a distance of 698.87' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 984.00', an arc length of 72.59', a chord bearing of North 08 deg., 08 min., 07 sec., West, a chord distance of 72.57' to a point for corner;

THENCE, North 10 deg., 14 min., 55 sec., West, a distance of 952.59' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 2000.00', an arc length of 244.49', a chord bearing of North 13 deg., 45 min., 02 sec., West, a chord distance of 244.34' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 4030.00', an arc length of 492.65', a chord bearing of North 13 deg., 45 min., 02 sec., West, a chord distance of 492.34' to a point for corner;

Exhibit E-3

THENCE, North 10 deg., 14 min., 55 sec., West, a distance of 381.72' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1420.00', an arc length of 134.30', a chord bearing of North 07 deg., 32 min., 21 sec., West, a chord distance of 134.25' to a point for corner;

THENCE, South 85 deg., 28 min., 18 sec., West, a distance of 47.03' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 623.85', an arc length of 404.82', a chord bearing of South 36 deg., 20 min., 34 sec., West, a chord distance of 397.76' to a point for corner;

THENCE, South 54 deg., 55 min., 58 sec., West, a distance of 158.40' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1000.00', an arc length of 193.40', a chord bearing of South 60 deg., 28 min., 23 sec., West, a chord distance of 193.10' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 1280.00', an arc length of 246.33', a chord bearing of South 60 deg., 30 min., 01 sec., West, a chord distance of 245.95' to a point for corner;

THENCE, North 35 deg., 00 min., 46 sec., West, a distance of 35.00' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1315.00', an arc length of 253.06', a chord bearing of North 60 deg., 30 min., 01 sec., East, a chord distance of 252.67' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 965.00', an arc length of 186.63', a chord bearing of North 60 deg., 28 min., 23 sec., East, a chord distance of 186.34' to a point for corner;

THENCE, North 54 deg., 55 min., 58 sec., East, a distance of 155.75' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 588.84', an arc length of 408.32', a chord bearing of North 35 deg., 04 min., 02 sec., East, a chord distance of 400.19' to a point for corner;

THENCE, North 15 deg., 12 min., 06 sec., East, a distance of 464.36' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1416.00', an arc length of 854.37', a chord bearing of North 31 deg., 57 min., 53 sec., East, a chord distance of 841.47' to a point for corner;

THENCE, North 48 deg., 24 min., 58 sec., East, a distance of 239.79' to a point for corner;

THENCE, North 53 deg., 47 min., 01 sec., East, a distance of 418.96' to a point for corner;

THENCE, on the arc of a curve to the left having a radius of 50.00', an arc length of 52.27', a chord bearing of North 23 deg., 50 min., 17 sec., East, a chord distance of 49.92' to a point for corner on the West right of way line of said Old Highway 90; same being the Northeasterly line of the (Called 215.626) acre tract;

THENCE, South 70 deg., 34 min., 08 sec., East, on the West right of way line of said Old Highway 90, same being the Northeasterly line of the (Called 215.626) acre tract, a distance of 56.77' to a point for corner;

THENCE, continuing on the West right of way line of said Old Highway 90, same being the Northeasterly line of the (Called 215.626) acre tract on an arc of a curve to the right having a radius of 767.76', an arc length of 33.60', a chord bearing of South 69 deg., 36 min., 49 sec., East, a chord distance of 33.60' to the **POINT OF BEGINNING** and containing 8.02 acres of land, more or less.

Exhibit E-5

**TRACT V
EASEMENT ESTATE
6.15 ACRES OF LAND
OUT OF THE GILBERT STEVENSON SURVEY, ABSTRACT NO. 167
ORANGE COUNTY, TEXAS**

BEING 6.15 acres of land out of and a part of the Gilbert Stevenson Survey, Abstract No. 167, Orange County, Texas; being all of Port of Beaumont Navigation District Access Easements, recorded in Volume 467, Page 631, Deed Records, File No. 372166, and File No. 405094, Official Public Records, Orange County, Texas; also a part of a 60' wide right of way, a.k.a. Old Spanish Trail as shown on Volume 2, Page 45, Map Records, Orange County, Texas, and Volume 59, Page 55, Deed Records, Orange County, Texas; said 6.15 acre tract being more fully described by metes and bounds as follows, to wit:

BEGINNING at a ½" steel rod, capped and marked "SOUTEX", set for the Northwest corner of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas; said ½" steel rod being on the Southerly line of a 200' wide right of way for Southern Pacific Railroad Corporation, formerly the Texas and New Orleans Railroad Company; having a Texas Coordinate of N: 10052022.78, E: 4274198.88;

THENCE, North 68 deg., 20 min., 31 sec., East, a distance of 1628.27' to a point for corner;

THENCE, North 18 deg., 05 min., 49 sec., West, a distance of 202.50' to a point for corner on the Southerly right of way line of a dedicated road named Old Highway 90, recorded in Volume 442, Page 526, Deed Records, Orange County, Texas;

THENCE, North 68 deg., 21 min., 00 sec., East, on the South right of way line of said Old Highway 90, a distance of 60.12' to a point for corner;

THENCE, South 18 deg., 05 min., 49 sec., East, a distance of 352.78' to a point for corner being the Southeast corner of the herein described tract;

THENCE, South 68 deg., 20 min., 31 sec., West, a distance of 1721.19' to a point for corner on the West line of the (Called 503.688) acre tract, same being the East line of a (Called 250) acre tract of land recorded as Tract 12 for the Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas; said point for corner being the Southwest corner of the herein described tract; from which a 3" steel pipe found on the common line of the (250) acre tract and the (Called 503.688) acre tracts, having a Texas Coordinate of N: 10050123.79, E: 4274397.37, bears South 05 deg., 58 min., 02 sec., East, a distance of 1753.53';

THENCE, North 05 deg., 58 min., 02 sec., West, on a portion of the East line of the (Called 250) acre tract and the (Called 503.688) acre tract, a distance of 155.81' to the **POINT OF BEGINNING** and containing 6.15 acres of land, more or less.

Exhibit E-7

EXHIBIT F

Permitted Encumbrances

- 1) All leases, grants, exceptions or reservations of coal, lignite, oil, gas and other minerals, together with all rights, privileges, and immunities relating thereto, appearing in the Public Records whether listed in Schedule B or not. There may be leases, grants, exceptions or reservations of mineral interest that are not listed.
- 2) One-sixteenth (1/16th) perpetual royalty interest reserved by the East Beaumont Townsite Company in Deed dated March 12, 1937, to the City of Beaumont, a municipal corporation, and recorded in Volume 59, Page 55, Deed Records of Orange County, Texas; and being subject to all the terms, conditions and stipulations contained therein. Title to said interest not checked subsequent to date of aforesaid instrument.
- 3) Lease for coal, lignite, oil, gas or other minerals, dated 01-01-1999, by and between Port of Beaumont Navigation District of Jefferson County, Texas, Lessor, and George R. Brown Partnership, Lessee, recorded on 02-10-1999, under Volume 1112, Page 480, of the Official Public Records of Real Property of Orange County, Texas. Title to said interest not checked subsequent to date of aforesaid instrument.
- 4) Easement in favor of the United States of America dated 05-19-1937 from City of Beaumont recorded in Volume 120, Page 544, Deed Records of Orange County, Texas. Partial Release as set out in (Release) Deed without Warranty recorded in Volume 161, Page 244, Deed Records of Orange County, Texas.
- 5) Exchange and Release of Easements by and between Port of Beaumont Navigation District of Jefferson County, Texas and Georgetown Texas Steel Corporation dated 05-18-1976, recorded in Volume 467 Page 631, Deed Records of Orange County, Texas.
- 6) First Supplemental Easement Usage Agreement dated 07-29-2011, by and between the Port of Beaumont Navigation District of Jefferson County, Texas and Gerdau Ameristeel US Inc., recorded under County Clerk's File No. 372166, Official Public Records of Orange County, Texas.
- 7) Non-exclusive Access Easement Agreement dated 02-24-2014 by and between Gerdau Ameristeel US, Inc. and Port of Beaumont Navigation District of Jefferson County, Texas, and filed for record on 03-31-2014 recorded under County Clerk's File No. 405094, Official Public Records of Orange County, Texas.
- 8) Easement dated 11-14-2017, filed 04-23-2018, in favor of CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Texas Gas Operations from Port of Beaumont Navigation District of Jefferson County, Texas recorded under County Clerk's File No. 459504, Official Public Records of Orange County, Texas.

- 9) Amendment to A Certificate of Adjudication between Texas Commission on Environmental Quality and Jefferson Railport Terminal I (Texas) LLC dated 10-01-2018, filed 10-24-2018, under County Clerk's File No. 466955, Official Public Records of Orange County, Texas.
- 10) Conveyance and Assignment of Water Rights between Jefferson Gulf Coast Energy Partners LLC and Jefferson Railport Terminal 1 (Texas) LLC dated 07-05-2018, filed 10-26-2018, under County Clerk's File No. 467038, Official Public Records of Orange County, Texas.
- 11) Any titles or rights asserted by anyone, including, but not limited to persons, the public, corporations, governments or other entities,
 - a. to tideland, or land comprising the shores or beds of navigable or perennial rivers and streams, lakes, bays, gulfs or oceans,
or
 - b. to lands beyond the line of the harbor or bulkhead lines as established or changed by any government,
 - c. to filled-in lands, or artificial islands, or
 - d. to statutory water rights, including riparian rights, or
 - e. to the area extending from the line of mean low tide to the line of vegetation, or the rights of access to that area or easement along and across that area.
- 12) Easements, right-of-ways, pipelines or building setback lines as shown on the Map or Plat as recorded in Volume 2, Page 45 of the Map Records of Orange County, Texas.
- 13) Agreement and Consent to Joint Use of Track dated 07-29-2011 by and between the Port of Beaumont Navigation District of Jefferson County, Texas and Gerdau Ameristeel US Inc. recorded under County Clerk's File No. 372165 Official Public Records of Orange County, Texas.
- 14) Right of Way dated 08-23-2018 in favor of Entergy Texas, Inc. recorded under County Clerk's File No. 465826, Official Public Records of Orange County, Texas.
- 15) Terms, conditions and stipulations of maintenance contract in connection with surface application system as set forth in affidavit dated 05-31-2019 filed 05-31-2019 under County Clerk's File No. 474930 and filed 06-11-2019 under County Clerk's File No. 475320, both in Official Public Records of Orange County, Texas, executed by Randy Holmes for Jefferson Railport Terminal.
- 16) Right of Way dated 06-03-2019 in favor of Entergy Texas, Inc. recorded under County Clerk's File No. 475877, Official Public Records of Orange County, Texas.

- 17) Terms and provisions of that certain Omnibus Amended and Restated Agreement and Lease of even date herewith, as evidenced by Memorandum of Omnibus Amended and Restated Agreement and Lease of even date herewith, by and between Port of Beaumont Navigation District of Jefferson County, Texas and Jefferson 2020 Bond Borrower LLC and Jefferson 2020 Bond Lessee LLC, filed for record in the Official Public Records of Orange County, Texas.
- 18) Substation and Transmission Line Easement by and between Port of Beaumont Navigation District of Jefferson County, Texas and Entergy Texas, Inc., recorded January 8, 2020 under County Clerk's File No. 483054, Official Public Records of Orange County, Texas.
- 19) Terms and provisions of that certain Amended and Restated Lease and Development Agreement (Facilities Lease) of even date herewith, as evidenced of Memorandum of Amended and Restated Lease and Development Agreement (Facilities Lease) of even date herewith by and between Port of Beaumont Navigation District of Jefferson County, Texas and Jefferson 2020 Bond Lessee, LLC, recorded in the Official Public Records of Orange County, Texas.
- 20) Lack of legal right of access across 200 foot Union Pacific Right of Way between the Land and Old Highway 90. Affects Tract V only.
- 21) Permanent Easement Agreement dated February 7, 2020 between Port of Beaumont Navigation District of Jefferson County and Jefferson Southern Star Pipeline LLC, recorded February _____, 2020 under County Clerk's File No. _____, Official Public Records of Orange County, Texas.

Exhibit F-3

AMENDED AND RESTATED LEASE AND DEVELOPMENT AGREEMENT (FACILITIES LEASE)

STATE OF TEXAS

COUNTY OF ORANGE

This AMENDED AND RESTATED LEASE AND DEVELOPMENT AGREEMENT (this “*Facilities Lease*”) is made and entered into effective as of January 1, 2020 (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 2020 BOND LESSEE 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, and amends, restates and replaces in its entirety the Lease and Development Agreement made and entered into as of February 1, 2016, by and between the Lessor and the predecessor in interest to Lessee. All initially capitalized terms used, but not otherwise defined, herein shall have the respective meanings given to them in the Definitions Annex attached hereto.

Recitals

A. Lessor owns Lessor’s Real Property, together with the Rail Access, and generally referred to as the Port of Beaumont’s Orange County Terminal Property, which includes the Leased Premises.

B. On the Execution Date, Lessor is leasing the Leased Premises to Lessee and Borrower pursuant to the Ground Lease. The Leased Premises includes the Lessor’s Existing Property, which Lessor desires to separately lease to Lessee. The Jefferson-Owned Property is also located on the Leased Premises as of the Execution Date. In addition, Lessee and Lessor desire to construct the Tax-Exempt New Property.

C. In accordance with the provisions hereof, Lessee shall acquire, construct, complete, install and operate the Tax-Exempt New Property. Exhibit D shall be amended, restated, replaced, amended and restated or modified from time to time in accordance with the requirements of this Facilities Lease to accurately reflect the Tax-Exempt New Property.

D. Pursuant to the Indenture, Lessor is issuing the Series 2020 Bonds. Proceeds of the Series 2020A Bonds will be applied in accordance with the Indenture and this Facilities Lease to (a) finance, pay or reimburse the costs of the Series 2020A Project, (b) refund a portion of the Series 2016 Bonds, (c) fund certain reserves, if any, and (d) pay certain costs of issuance of the Series 2020A Bonds. Proceeds of the Taxable Series 2020B Bonds will be applied in accordance with the Indenture and the Senior Loan Agreement to (a) to finance, pay or reimburse the costs of the Taxable Series 2020B Project, (b) refund a portion of the Series 2016 Bonds, (c) fund certain reserves, if any, and (d) pay certain costs of issuance of the Series 2020A Bonds.

E. At its meeting of October 7, 2019, the Port Commission of Lessor authorized the execution of this Facilities Lease with Lessee for the purposes herein stated.

F. Pursuant to the Sublease Agreement, Lessee is subleasing to Borrower the Tax-Exempt Facilities.

G. Pursuant to the Operating Agreement, Lessee and Borrower have contracted with Operator to operate the Project.

H. Lessor and Lessee are desirous of entering into this Facilities Lease to set forth the terms and conditions of the leasing of the Tax-Exempt Facilities 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 Tax-Exempt New 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 Tax-Exempt Facilities. Lessor and Lessee acknowledge and agree that descriptions as shown in Exhibit D are based on reasonably expected development plans, and that Exhibit D 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 Favorable Opinion of Bond Counsel. Any amended Exhibit D shall be based on final design, engineering, plans and specifications shall be reasonably related in scale and scope to the current Exhibit D and subject to the approval of Lessor and Lessee, and approval (after receipt of the aforementioned Favorable Opinion of Bond Counsel) is within each party's consent not to be unreasonably withheld. Lessee shall construct, or cause to be constructed, the Tax-Exempt New Property and Lessee shall provide all labor, materials, equipment and services to construct the Tax-Exempt 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 Favorable Opinion of Bond Counsel.

2. Surface Rights. Lessor and Lessee hereby acknowledge and agree, notwithstanding any provision of the Ground Lease to the contrary, Lessor retains all surface rights with respect to the Leased Premises necessary to own, operate, use and enjoy the Tax-Exempt Facilities, 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 Tax-Exempt Facilities. The Tax-Exempt Facilities are leased for the purposes described in Section 3.2 hereof, and Lessee agrees to restrict its use to such purposes and not to use or permit the use of the Tax-Exempt Facilities for any other purposes without first obtaining the express written consent of Lessor, which consent may require receipt of a Favorable Opinion of Bond Counsel.

3.1. Lessee covenants and warrants not to handle, store, use, load, or unload at the Tax-Exempt Facilities any toxic, corrosive, flammable, odorous, explosive product, or

similarly related products, except in accordance with this Facilities Lease and Legal Requirements. 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.

3.2. Lessee shall operate the Tax-Exempt Facilities and any Lessee owned property for the import, storage, handling, transfer and export of Product for the Lease Term of this Facilities Lease, including all extensions and renewals hereof.

4. Term of Facilities Lease. The term of this Facilities Lease shall commence as of the Execution Date (the "**Commencement Date**"). This Facilities Lease shall terminate on February 1, 2066 ("**Lease Term**").

4.1. Subject to any rights of any mortgagee of interests in the Tax-Exempt Facilities, Lessee shall have the right to purchase the Tax-Exempt Facilities as follows: (i) if any of the Series 2020A Bonds have not been paid in full and are Outstanding, for the greater of (a) the amount necessary to pay the Series 2020A Bonds in full or (b) the then fair market value of the Tax-Exempt Facilities at the time the right to purchase is exercised as determined by an appraiser or (ii) after all of the Series 2020A Bonds have been paid in full and are not Outstanding, an amount equal to the then fair market value of the Tax-Exempt Facilities 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 earlier of the expiration of the Lease Term and the term of the Ground Lease. At the time the right to purchase is exercised, the then fair market value of the Tax-Exempt Facilities 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 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 Tax-Exempt Facilities based upon the most current edition of the Appraisal Institute Uniform Standards of Professional Appraisal Practices and any applicable state law for appraisal of industrial assets such as the Tax-Exempt Facilities. The appraisal report shall be a "self-contained narrative report" and must note onsite inspection of the Tax-Exempt Facilities 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. Lessee agrees to pay or cause to be paid, as rent hereunder, amounts equal to (i) all third-party costs, expenses and fees related to the Series 2020A Bonds, including the fees and expenses of the Trustee, when due, and (ii) all amounts to be deposited

into the Series 2020A Rebate Fund pursuant to the Collateral Agency Agreement when due thereunder (the “**Rebate Amounts**”). An amount sufficient to provide for the payment of the principal of, interest on, premium, if any, and Redemption Price of the Series 2020A Bonds when due under the Indenture is referred to 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 Series 2020A Interest Sub-Account and the Series 2020A Principal Sub-Account (as each such account is defined in the Collateral Agency Agreement). Facilities Lease Rent shall be deposited directly with the Trustee in a timely manner to assure that amounts sufficient to pay the principal, interest, premium, if any, and Redemption Price of the Series 2020A Bonds then due under the Indenture are on deposit with the Trustee at least fifteen (15) days prior to each Debt Service Payment Date (as defined in the Indenture). Notwithstanding anything to the contrary in this Facilities Lease, Lessee shall have the right to prepay Rent due hereunder, in full or in part, to the extent such prepayment is necessary for the Lessor to pay the principal of, interest on, premium, if any, and Redemption Price of the Series 2020A Bonds when due under the Indenture.

6. Wharfage Rates and Port Charges. Lessee shall pay Port Charges and Port Rail Charges (as defined in the Ground Lease) to Lessor pursuant to the Ground Lease, in addition to the Facilities Lease Rent. Amounts payable to the Port pursuant to this Section 6 shall not be considered Project Revenues under the Indenture.

7. Surrender of Premises; Ownership of Improvements. Subject to Section 4.1 hereof, at the expiration or termination of this Facilities Lease, Lessee agrees to: (1) surrender possession of the Tax-Exempt Facilities (except to the extent purchased by Lessee pursuant to the terms of this Facilities Lease, in which event the Ground Lease shall thereafter control) to Lessor; and (2) otherwise return the Tax-Exempt Facilities 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 operation of the Tax-Exempt Facilities and the cost of all utilities, including gas, water, electricity, telephone, telegraph and cable service, and for all taxes and assessments on the Tax-Exempt Facilities, other leasehold improvements and the leasehold. Additionally, Lessee agrees to pay all costs and expenses to improve and maintain utilities, including 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 Tax-Exempt Facilities as same shall become due.

8.3. In the conduct and operation of its business in and about the Tax-Exempt Facilities, 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 Tax-Exempt Facilities, 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 Tax-Exempt Facilities and to keep the Tax-Exempt Facilities 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 safety plans and promptly correct safety hazards or concerns related to the Tax-Exempt Facilities consistent with the terms of the Ground Lease. Any liability resulting from the adequacy, implementation, or enforcement of Lessee’s safety plans 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 Tax-Exempt Facilities in good condition 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. This Facilities Lease is a net lease and, notwithstanding any other provision of this Facilities Lease, it is intended that Rent shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction. The obligations and liabilities of Lessee hereunder shall in no way be released, discharged or otherwise affected (except as may be expressly provided herein) for any reason, including without limitation: (a) any defect in the condition, quality or fitness for use of the Tax-Exempt Facilities or any part thereof; (b) any damage to, removal, abandonment, salvage, loss, scrapping or destruction of or any requisition or taking of the Tax-Exempt Facilities or any part thereof; (c) any restriction, prevention or curtailment of or interference with any use of the Tax-Exempt Facilities or any part thereof; (d) any defect in or any Lien on the Tax-Exempt Facilities or any part thereof; (e) any change, waiver, extension, indulgence or other action or omission in respect of any obligation or liability of Lessee, the Lessor or any other person; (f) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Lessee, the Lessor or any other person, or any action taken with respect to this Facilities Lease by any trustee or receiver of Lessee, the Lessor or any other person, or by any court; (g) any claim that Lessee has or might have against any Person, including the Lessor; (h) any failure on the part of the Lessor to perform or comply with any of the terms hereof or of any other agreement; (i) any failure on the part of any party to any Financing Document to perform or comply with any terms of any Financing Document; (j) any invalidity or unenforceability or disaffirmance of this Facilities Lease or any provision hereof or any Financing Document or any provision of any thereof, in each case whether against or by Lessee or otherwise; or (k) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not Lessee shall have notice or knowledge of any of the foregoing. This Facilities Lease shall be noncancellable by Lessee and, except as expressly provided herein, Lessee, to the extent permitted by law, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Facilities Lease or to any diminution or reduction of Rent payable by Lessee hereunder. All payments by Lessee made hereunder shall be final and

Lessee shall not seek to recover any such payment or any part thereof for any reason whatsoever. If for any reason whatsoever this Facilities Lease shall be terminated in whole or in part by operation of law or otherwise except as expressly provided herein, Lessee shall nonetheless pay to the Lessor an amount equal to each Rent payment at the time and in the manner that such payment would have become due and payable under the terms of this Facilities Lease if it had not been terminated in whole or in part. All obligations of Lessee herein shall be performed at its own cost, expense and risk, whether or not so stated, unless explicitly stated to the contrary.

8.7. 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 Tax-Exempt Facilities.

8.8. 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.

8.9. Lessee shall take all action required to be taken by Lessee in the Indenture as if Lessee were a party to the Indenture.

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 Real Property and to construct other improvements on Lessor's Real Property ("**Lessor Improvements**") provided that Lessee's prior written consent has been obtained (which consent shall not be unreasonably withheld, delayed or conditioned so long as such alterations do not materially impair the use of the Tax-Exempt Facilities by Lessee for the purposes herein described and so long as same are in compliance with all requirements of the Ground Lease).

9.2. 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.

9.3. 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 any construction of any Lessor Improvements and hold Lessee and the Tax-Exempt Facilities 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.

9.4. Lessor is and shall remain for the Lease Term hereof the true and lawful owner of the Tax-Exempt Facilities and, has good right and full power to let and lease the Tax-Exempt Facilities. 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 Tax-Exempt Facilities 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 Tax-Exempt Facilities 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.

9.5. Lessor shall maintain a fee simple interest in the Tax-Exempt Facilities 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 Tax-Exempt Facilities for the purposes herein described or would restrict in any respect the right of Lessee, its employees and invitees to use the Tax-Exempt Facilities 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.

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 TAX-EXEMPT FACILITIES, 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 2020A 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 ON THE TAX-EXEMPT FACILITIES, (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 TAX-EXEMPT FACILITIES, 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 TAX-EXEMPT FACILITIES AND RELATED THERETO, 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 TAX-EXEMPT FACILITIES.

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, insurance coverage with respect to the Tax-Exempt Facilities as described in the Ground Lease as if the Tax-Exempt Facilities were Jefferson-Owned Property as defined therein. The obligations of this paragraph shall survive expiration of termination of this Facilities Lease.

In addition, before starting of any work related to the Tax-Exempt 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 Tax-Exempt Facilities 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. The Builder's Risk or all-risk policy shall provide for a waiver of subrogation in favor of Lessor. The Builder's Risk policy 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 Tax-Exempt 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.

12. Assignment/Subletting. Except as permitted in Section 18 or Section 19, Lessee may not assign or sublease all or substantially all of the Tax-Exempt Facilities or assign its rights and obligations under this Facilities Lease, except to affiliates or pursuant to the Sublease and Operating Agreement or the Deed of Trust, without first obtaining written approval by Lessor for such assignment or sublease 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 Tax-Exempt Facilities 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 Tax-Exempt Facilities are in Lessor's reasonable judgment consistent with the requirements of this Facilities Lease, (iv) the assignee or sublessee is subject to all of the terms and provisions of this Facilities Lease (which any assignee or sublessee shall expressly assume in writing) and to any matters to which this Facilities Lease is subject, including, without limitation, the Federal Tax Certificate, and (v) 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. Lessor shall have no obligation to consent, accept or approve any 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 sublease shall not constitute a waiver of the necessity for such consent to any subsequent assignment or sublease. Lessee shall at all times remain liable for the payment of Rent herein and for compliance with all of its obligations under this Facilities Lease notwithstanding any assignment or subletting under the Facilities Lease. The foregoing is not intended to prevent the sublease by Lessee of less than substantially all of the Tax-Exempt Facilities, 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 Tax-Exempt Facilities for any use that is not permitted or that would affect the tax-exempt status of the Series 2020A 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 Federal Tax Certificate. Lessee will not (a) use, occupy or permit the use or occupancy of the Tax-Exempt Facilities 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 violation of Section 8.4 hereof or (c) commit, or permit to be committed, any action or circumstance in or about the Tax-Exempt Facilities 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 Tax-Exempt Facilities and improvements thereon, or that would adversely affect the tax-exempt status of interest on the Series 2020A Bonds. Lessee shall faithfully and timely observe and perform each of its obligations under the Federal Tax Certificate.

14. Condition of the Tax-Exempt Facilities.

14.1. Lessee acknowledges that Lessee has independently and personally inspected the Lessor's Existing Property and has or will independently inspect all Tax-Exempt 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 Lessor's Existing Property in its present condition and will accept the Tax-Exempt 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 Tax-Exempt Facilities); 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 Tax-Exempt Facilities, (b) the quality of the labor and materials included in any such improvements, (c) the soil and environmental conditions existing at the Tax-Exempt Facilities and (d) the suitability of the Tax-Exempt Facilities for any particular purpose. Lessor shall not be required to make any improvements to the Tax-Exempt Facilities or to repair any damages to the Tax-Exempt Facilities, other than any improvements that are expressly agreed to herein.

15. Completion of Tax-Exempt New Property.

15.1. Lessee shall be responsible for the acquisition, construction, installation and completion of the Tax-Exempt New Property. Lessor shall have no obligation to complete the Tax-Exempt New Property or to guarantee completion of the Tax-Exempt New Property. Lessee shall apply proceeds of the Series 2020A Bonds allocated to acquisition, construction, installation and completion to finance, pay for or reimburse all Project Costs (as defined in the Collateral Agency Agreement) with respect to the Tax-Exempt New Property in accordance with the terms and conditions of the Indenture and the Collateral Agency Agreement, and hold Lessor and the Tax-Exempt New 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 materialmens' liens to be perfected upon the Tax-Exempt New 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 reimburse all 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.

16. Access by Landlord. Lessor, its employees, contractors, agents and representatives, shall have the right to (a) to inspect the Tax-Exempt Facilities, (b) to show the Tax-Exempt Facilities to prospective purchasers or tenants, (c) to determine whether Lessee is performing its obligations hereunder or (d) for any other purpose deemed reasonable by Lessor. In an emergency, Lessor may use any means to open any door into or in the Tax-Exempt Facilities without any liability therefor after making reasonable efforts to contact Lessee to provide access thereto. Access to the Tax-Exempt Facilities by Lessor 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.

17. Damage, Destruction and Condemnation. If any Tax-Exempt Facilities 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 during the Term, the whole of the Tax-Exempt Facilities 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 shall terminate as of the date of such taking; provided any unearned Rent, if any, paid in advance, shall be refunded to Lessee.

17.2. If, during 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 taking of more than thirty-three percent (33%) of the Tax-Exempt Facilities or the Tax-Exempt Facilities is 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 by paying to Trustee an amount sufficient to pay or defease in full the Series 2020A Bonds. In the event of termination by Lessee under the provisions of this Section 17.2, this Facilities Lease shall terminate as of the date of such taking, provided any unearned Rent 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) 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 herein above 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 2020A Bonds. The term "*Restoration*" herein means the restoration of the remaining portions of the Tax-Exempt Facilities, including any and all improvements made theretofore and the remaining portions of the parking areas and other common areas of the Tax-Exempt Facilities, 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 Tax-Exempt Facilities has been restored.

17.4. All compensation awarded for any taking of the Tax-Exempt Facilities shall be applied (i) first, pro rata, based upon all costs of Lessor and Lessee with respect to

construction and installation of the Tax-Exempt Facilities, 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 ownership interest in the Tax-Exempt Facilities shall be superior to any leasehold mortgage or deed of trust on the Tax-Exempt Facilities (including the Deed of Trust), and such leasehold mortgage or deed of trust shall take subject to same with the intent of the parties being that a foreclosure of such leasehold mortgage or deed of trust shall in no event eliminate Lessor's ownership interest. In addition, any such leasehold mortgage or deed of trust shall survive the termination of the Facilities Lease (including, without limitation, a rejection of this Facilities Lease in a bankruptcy or other insolvency proceeding) provided that such leasehold mortgagee or deed of trust trustee or beneficiary or any designator successor (the "**Successor**") affirmatively assumes all of Lessee's obligations hereunder within one hundred twenty (120) days after succeeding to Lessee's interest or the date of termination of the Facilities Lease, whichever is later; provided that enforcement of any obligations of the Trustee as Successor shall be limited to the Trustee's interest in property subject to such leasehold mortgage or deed of trust and to the Trust Estate 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 Tax-Exempt Facilities (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) business days after written request from Lessor. If the Successor fails to expressly assume in writing all of Lessee's obligations hereunder within the one hundred twenty (120) day period provided above, this Facilities Lease shall automatically terminate without any further rights of redemption.

18.2. As a material condition to Lessee's 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 and recorded in the real estate records in the county in which the Tax-Exempt Facilities are located at Lessee's expense within five (5) days following the execution of this Facilities Lease. 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."

18.3. Should Lessor sell, convey or transfer its interest in the Tax-Exempt Facilities, 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 18.3 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 (including the Deed of Trust), pledge and/or collateral assignment of this Facilities Lease as security for any indebtedness or obligations in any form whatsoever. If Lessee shall execute and deliver such 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 Facilities Lease.

(c) Lessor shall not terminate this Facilities Lease or Lessee's right of possession for any default of Lessee 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 nonmonetary 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, 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, not to exceed one hundred eighty (180) days, provided that Mortgagee has commenced such cure within the initial one-hundred and twenty (120) day period and diligently continues to pursue the same to completion, and such default is cured within such period of one hundred eighty (180) days.

(d) 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 Tax-Exempt Facilities, 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.

(e) Lessor hereby waives and releases any statutory, constitutional, and/or contractual liens against the assets or property of Lessee, including without limitation Chapter 54 of the Texas Property Code - LANDLORD'S LIENS. Although such waiver and release is hereby deemed to be automatic and self-executing, Lessor agrees to execute and deliver to

Lessee within thirty (30) days following request therefor such waivers and confirmations as Lessee may request to evidence the foregoing waiver and release, as well as consents to assignment that may be reasonably requested.

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 the Facilities Lease Rent 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 is authorized at its election 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 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 Tax-Exempt Facilities, 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, the Indenture or the Senior Loan Agreement.

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 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 damages 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 Tax-Exempt Facilities 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 Lessee's right to cure as otherwise provided in this Facilities Lease neither the acceptance of Rent 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 Tax-Exempt Facilities, shall constitute an acceptance of a surrender of the Tax-Exempt Facilities.

20.6. Lessee's Rights with respect to the Bonds.

(a) The Lessor shall not take any action herein described and permitted under the Indenture without the express written consent of Lessee:

- (i) issue Additional Parity Bonds in accordance with the Indenture;
- (ii) terminate or appoint any securities depository or Trustee;
- (iii) redeem any Bonds pursuant to the optional redemption provisions of the Indenture or the Bonds;
- (iv) purchase Bonds in lieu of optional redemption;
- (v) amend, supplement or otherwise modify, or waive any provision of, the Indenture or the Bonds; or

(vi) 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 Tax-Exempt 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 Construction Account (as defined in the Collateral Agency Agreement) 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 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 4.4 of the Indenture; provided Lessee has provided funds for such purpose to the Trustee;

(ii) distribute to Lessee funds remitted to the Lessor pursuant to the Indenture;

(iii) redeem Bonds subject to optional redemption (provided that Lessee shall provide funds to the Trustee sufficient to pay the Redemption Price for such Bonds on the redemption date therefor);

(iv) 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 purchase price for such Bonds on the purchase date therefor);

(v) terminate or appoint any securities depository or Trustee; and

(vi) 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.

(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.

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 2020 Bond Lessee, LLC
811 Louisiana, Suite 2300
Houston, TX 77056

Attn: Legal Department
Facsimile: (346) 272-6990

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. 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 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 Facilities 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 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 hereto, 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 Lessee’s Obligations. Any amount due from Lessee to Lessor that is not paid when due shall bear interest at the lesser of (i) the maximum rate allowed by law, (ii) ten percent per annum or (iii) the amount 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 and D* 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. 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 1st day of February, 2020.

PORT OF BEAUMONT NAVIGATION
DISTRICT OF JEFFERSON COUNTY TEXAS

by

/s/ David C. Fisher

Name: David C. Fisher

Title: Port Director & CEO (Executive Director)

EXECUTED this 1st day of February, 2020.

JEFFERSON 2020 BOND LESSEE LLC

by

/s/ Demetrios Tserpelis

Name: Demetrios Tserpelis

Title: Authorized Signatory

Definitions Annex

Terms capitalized but not defined in this Facilities Lease shall have the meanings assigned to them in the Indenture (as defined below).

“**Borrower**” means Jefferson 2020 Bond Borrower LLC, a Delaware limited liability company, together with its successors and permitted assigns.

“**Commencement Date**” is defined in Section 4 of this Facilities Lease.

“**Encumbrances**” is defined in Section 9.5 of this Facilities Lease.

“**Event of Default**” is defined in Section 20.1 of this Facilities Lease.

“**Execution Date**” is defined in the introductory paragraph of this Facilities Lease.

“**Facilities Lease**” is defined in the introductory paragraph of this Facilities Lease.

“**Facilities Lease Rent**” is defined in Section 5 of this Facilities Lease.

“**Force Majeure**” means:

(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 Tax-Exempt Facilities; and

(e) any other similar cause or event, provided that the foregoing is beyond the reasonable control of the party claiming Force Majeure.

“**Ground Lease**” means that certain Omnibus Amended and Restated Lease and Agreement dated effective as of January 1, 2020 between Lessor and Lessee covering the Leased Premises (as it may be amended, restated, replaced, amended and restated or modified from time to time).

“**Indenture**” means that certain Trust Indenture and Security Agreement, dated as of February 1, 2020, as it may be amended, restated, replaced, amended and restated or modified from time to time, between Lessor and the Trustee.

“Jefferson-Owned Property” means, to the extent removable as provided in the Ground Lease, all improvements paid for or financed by Lessee and located on the Leased Premises or the Easement Areas (as defined in the Ground Lease), including those described on Exhibit C attached hereto, other than the Tax-Exempt Facilities.

“Lease Term” is defined in Section 4 of this Facilities Lease.

“Leased Premises” means approximately 185 acres of real property within the Lessor’s Real Property as more particularly described in Exhibit A, the Rail Access, and all real property rights of Lessor appurtenant thereto.

“Legal Requirements” is defined in Section 10.2 of this Facilities Lease.

“Lessee” is defined in the introductory paragraph of this Facilities Lease.

“Lessor” is defined in the introductory paragraph of this Facilities Lease.

“Lessor’s Existing Property” means the Lessor equipment and fixtures owned by Lessor as more particularly described in Exhibit B.

“Lessor Improvements” is defined in Section 9.1 of this Facilities Lease.

“Lessor’s Real Property” means the real property owned by Lessor located in Orange County, Texas generally referred to as the Port of Beaumont’s Orange County Terminal Property, as more particularly described and defined in the Ground Lease.

“Memorandum” is defined in Section 18.1 of this Facilities Lease.

“Mortgagee” is defined in Section 19 of this Facilities Lease.

“Operating Agreement” means that certain Operating Agreement entered into as of February 1, 2020 to be effective as of February 11, 2020, by and among Lessee, Borrower and Operator.

“Operator” means Jefferson Railport Terminal II LLC, a limited liability company organized under the laws of the State of Delaware.

“Project” means the Series 2020A Project and the Taxable Series 2020B Project.

“Product” means (i) liquid hydrocarbons and refined or unrefined petroleum products and similar products (including crude oil, diluents, and diesel), (ii) biofuels, (iii) liquefied natural gas, and (iv) other products approved from time to time by Lessor in its sole discretion.

“Rail Access” means easements held by Lessor across adjacent property of Optimus Steel, LLC for rail and road access to Old Highway 90 and to class 1 railroads.

“Rebate Amounts” is defined in Section 5 of this Facilities Lease.

“**Rent**” is defined in Section 5 of this Facilities Lease.

“**Restoration**” is defined in Section 17.3 of this Facilities Lease.

“**Restoration Portion**” is defined in Section 17.3 of this Facilities Lease.

“**Senior Loan Agreement**” means that certain Senior Loan Agreement, as amended, restated, supplemented or otherwise modified from time to time, dated as of February 1, 2020, by and between the Lessor and Borrower.

“**Series 2016 Bonds**” means the Lessor’s Dock and Wharf Facility Revenue Bonds, Series 2016 (AMT) (Jefferson Energy Companies Project).

“**Series 2020 Bonds**” means the Series 2020A Bonds and the Taxable Series 2020B Bonds.

“**Series 2020A Bonds**” means the series of Bonds designated Port of Beaumont Navigation District of Jefferson County, Texas Facility Revenue Bonds, Series 2020A (Jefferson Gulf Coast Energy Project) in the principal amount of \$184,920,000, as may be amended, restated, replaced, amended and restated or modified from time to time.

“**Series 2020A Project**” means the development, construction and acquisition of the Tax-Exempt New Property and other eligible infrastructure projects.

“**Sublease Agreement**” means that certain Sublease Agreement entered into as of February 1, 2020 to be effective as of February 11, 2020, by and among Lessee, Borrower and Operator.

“**Successor**” is defined in Section 18.1 of this Facilities Lease.

“**Taxable Series 2020B Bonds**” means the series of Bonds designated Port of Beaumont Navigation District of Jefferson County, Texas Facility Revenue Bonds, Taxable Series 2020B (Jefferson Gulf Coast Energy Project) in the principal amount of \$79,060,000 (as may be amended, restated, replaced, amended and restated or modified from time to time).

“**Taxable Series 2020B Project**” means the development, construction and acquisition of certain facilities for the transport, loading, unloading, and storage of petroleum products, including certain tank, train and other infrastructure projects.

“**Tax-Exempt Facilities**” means the Lessor’s Existing Property and the Tax-Exempt New Property.

“**Tax-Exempt New Property**” means the additional infrastructure to be constructed and operated by Lessee and owned by the Lessor as described in Exhibit D.

“**Trustee**” means Deutsche Bank National Trust Company or any successor, assignee or replacement, as Trustee pursuant to the Indenture.

I.

Exhibit A

Leased Premises

**TRACT I
2.42 ACRES OF LAND
OUT OF THE GILBERT STEVENSON SURVEY, ABSTRACT NO. 167
ORANGE COUNTY, TEXAS**

BEING 2.42 acres of land out of and a part of the Gilbert Stevenson Survey, Abstract No. 167, Orange County, Texas; being part of a (Called 215.626) acre tract of land described in a deed to Port of Beaumont Navigation District of Jefferson County, recorded in File No. 273775, Official Public Records, Orange County, Texas; said 2.42 acre tract being more fully described as follows, to wit:

***Note:** Bearings, coordinates, distances and acreage are based on the Texas Coordinate System of 1983, Central Zone, US Survey Feet, and are referenced to SmartNet, North America.*

BEGINNING at a ½” steel rod, capped and marked “F&S”, found on the intersection of the West right of way line of a dedicated road named Old Highway 90, recorded in Volume 41, Page 336, Deed Records, Orange County, Texas and the Northwesterly line of a 150’ wide Texarkana & Fort Smith Railway Company right of way, recorded in Volume 6, Page 34, Deed Records, Orange County, Texas; said ½” steel rod being the Northeast corner of the herein described tract; having a Texas Coordinate of N: 10053081.35, E: 4275342.92;

THENCE, South 55 deg., 02 min., 05 sec., West, on the Northwesterly line of said Texarkana & Fort Smith Railway Company right of way, a distance of 358.32’ to a point for corner;

THENCE, South 79 deg., 20 min., 34 sec., West, a distance of 97.11’ to a point for corner;

THENCE, South 55 deg., 24 min., 32 sec., West, a distance of 142.65’ to a point for corner;

THENCE, North 37 deg., 04 min., 43 sec., West, a distance of 114.81’ to a point for corner;

THENCE, North 71 deg., 24 min., 54 sec., West, a distance of 69.38’ to a point for corner;

THENCE, South 75 deg., 51 min., 51 sec., West, a distance of 123.95’ to a point for corner on the Southerly line of an 8.02 acre tract of land surveyed this date for access easement purposes; said point for corner being the most Westerly corner of the herein described tract;

THENCE, North 53 deg., 47 min., 01 sec., East, on the Southerly line of the 8.02 acre tract, a distance of 171.55’ to a point for corner;

THENCE, South 33 deg., 34 min., 05 sec., East, a distance of 62.85’ to a point for corner;

THENCE, South 67 deg., 42 min., 24 sec., East, a distance of 26.08’ to a point for corner;

THENCE, North 53 deg., 42 min., 09 sec., East, a distance of 180.41' to a point for corner;

THENCE, North 15 deg., 45 min., 57 sec., West, a distance of 36.10' to a point for corner;

THENCE, North 53 deg., 15 min., 05 sec., East, a distance of 246.87' to a point for corner being the most Northerly Northeast corner of the herein described tract;

THENCE, South 65 deg., 03 min., 48 sec., East, a distance of 254.83' to the **POINT OF BEGINNING** and containing 2.42 acres of land, more or less.

TRACT II
198.1 ACRES OF LAND AND WATER
OUT OF THE GILBERT STEVENSON SURVEY, ABSTRACT NO. 167
AND THE WILLIAM STEPHENSON SURVEY, ABSTRACT NO. 23,
ORANGE COUNTY, TEXAS

BEING 198.1 acres of land and water out of and a part of a 204.2 acre tract of land, part of the Gilbert Stevenson Survey, Abstract No. 167 and the William Stephenson Survey, Abstract No. 23, Orange County, Texas; being part of a (Called 250) acre tract of land recorded as Tract 12, described in a deed to Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas; said 198.1 acre tract being part of the following 204.2 acres tract which is more fully described by metes and bounds as follows, to wit:

COMMENCING at a ½” steel rod, capped and marked “SOUTEX”, set for the Northwest corner of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas; said ½” steel rod being on the Southerly line of a 200’ wide right of way for Southern Pacific Railroad Corporation, formerly the Texas and New Orleans Railroad Company, having a Texas Coordinate of N: 10052022.78, E: 4274198.88;

THENCE, South 05 deg., 58 min., 02 sec., East, on the West line of the (Called 503.688) acre tract, a distance of 15.01’ to a point for corner being the **POINT OF BEGINNING** and Northeast corner of the herein described tract; having a Texas Coordinate of N: 10052007.85, E: 4274200.44;

THENCE, South 05 deg., 58 min., 02 sec., East, continuing on the West line of the (Called 503.688) acre tract, a distance of 106.57’ to a point for corner;

THENCE, South 42 deg., 00 min., 28 sec., West, a distance of 62.31’ to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 405.06’, an arc length of 372.94’, a chord bearing of South 15 deg., 37 min., 47 sec., West, a chord distance of 359.91’ to a point for corner;

THENCE, South 10 deg., 14 min., 55 sec., East, a distance of 2074.41’ to a point for corner;

THENCE, on the arc of a curve to the right having a radius of 1014.00’, an arc length of 74.80’, a chord bearing of South 08 deg., 08 min., 07 sec., East, a chord distance of 74.79’ to a point for corner;

THENCE, South 06 deg., 01 min., 18 sec., East, a distance of 698.87’ to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 480.00’, an arc length of 386.07’, a chord bearing of South 17 deg., 01 min., 12 sec., West, a chord distance of 375.75’ to a point for corner;

THENCE, North 83 deg., 41 min., 59 sec., East, a distance of 171.57' to a point for corner on the West line of the (Called 503.688) acre tract;

THENCE, South 06 deg., 06 min., 36 sec., East, on the West line of the (Called 503.688) acre tract, a distance of 496.21' passing a 1" steel pipe found; having a Texas Coordinate of N: 10047865.04, E: 4274639.84; continuing for a total distance of 576.03' to a point for corner on the Northerly bank of the Neches River; said point for corner being the Southeast corner of the herein described tract;

THENCE, the following bearings and distances on the Northerly bank line of said Neches River:

South 68 deg., 51 min., 37 sec., West, 19.55'

South 61 deg., 58 min., 33 sec., West, 11.08'

South 49 deg., 52 min., 13 sec., West, 18.40'

South 65 deg., 33 min., 00 sec., West, 9.15'

South 85 deg., 26 min., 23 sec., West, 22.41'

North 86 deg., 16 min., 39 sec., West, 6.40'

North 62 deg., 49 min., 45 sec., West, 6.41'

North 45 deg., 20 min., 41 sec., West, 16.60'

North 34 deg., 56 min., 15 sec., West, 15.66'

North 43 deg., 04 min., 00 sec., West, 21.21'

North 56 deg., 11 min., 37 sec., West, 6.44'

North 70 deg., 09 min., 37 sec., West, 8.91'

North 73 deg., 54 min., 50 sec., West, 10.07'

North 77 deg., 32 min., 48 sec., West, 6.19'

North 86 deg., 13 min., 32 sec., West, 13.05'

THENCE, South 89 deg., 06 min., 25 sec., West, a distance of 177.70' to a point for corner on the East line of a 4.54 acre tract of land surveyed this date;

THENCE, North 02 deg., 38 min., 57 sec., West, on the East line of the 4.54 acre tract, a distance of 424.19' to a point for corner on the South line of a 8.02 acre tract of land surveyed this date for access easement purposes, said point for corner being the Northeast corner of the 4.54 acre tract;

THENCE, South 57 deg., 29 min., 07 sec., West, on the South line of the 8.02 acre tract, same being the North line of the 4.54 acre tract, a distance of 144.73' to a point for corner;

THENCE, continuing on the North line of the 4.54 acre tract, on the arc of a curve to the right having a radius of 685.00', an arc length of 544.86', a chord bearing of South 80 deg., 16 min., 20 sec., West, a chord distance of 530.61' to a point for corner being the Northwest corner of the 4.54 acre tract;

THENCE, South 02 deg., 43 min., 18 sec., East, on the West line of the 4.54 acre tract, a distance of 286.03' to a point for corner;

THENCE, South 87 deg., 17 min., 53 sec., West, a distance of 124.03' to a point for corner;

THENCE, North 66 deg., 07 min., 01 sec., West, a distance of 1454.99' to a point for corner;

THENCE, North 45 deg., 58 min., 48 sec., West, a distance of 290.00' to a point for corner;

THENCE, North 61 deg., 40 min., 48 sec., West, a distance of 250.00' to a point for corner;

THENCE, North 81 deg., 16 min., 48 sec., West, a distance of 131.12' to a point for corner;

THENCE, North 64 deg., 37 min., 28 sec., West, a distance of 180.75' to a point for corner;

THENCE, North 19 deg., 56 min., 45 sec., West, a distance of 22.47' to a point for corner;

THENCE, North 64 deg., 55 min., 40 sec., West, a distance of 165.30' to a point for corner;

THENCE, North 50 deg., 57 min., 40 sec., West, a distance of 267.80' to a point for corner;

THENCE, North 37 deg., 19 min., 55 sec., West, a distance of 160.59' to a point for corner;

THENCE, North 54 deg., 39 min., 10 sec., West, a distance of 118.40' to a point for corner;

THENCE, North 09 deg., 58 min., 34 sec., West, a distance of 365.94' to a point for corner;

THENCE, North 76 deg., 36 min., 47 sec., West, a distance of 82.00' to a point for corner on the Southeasterly line of Kansas City Southern Railroad right of way, recorded in Volume 2, Page 45, Map Records, Orange County, Texas;

THENCE, North 55 deg., 02 min., 05 sec., East, on the Southeasterly line of said Kansas City Southern Railroad right of way, a distance of 4176.20' to the **POINT OF BEGINNING** and containing 204.2 acres of land and water, more or less, **SAVE AND EXCEPT** 6.09 acres of land

for access easement purposes, which lies within the 8.02 acre tract known as Tract IV and is described as follows:

BEING 8.02 acres of land out of and a part of the Gilbert Stevenson Survey, Abstract No. 167 and the William Stephenson Survey, Abstract No. 23, Orange County, Texas; being part of a (Called 250) acre tract of land, recorded as Tract 12, described in a deed to Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas, and part of a (Called 215.626) acre tract of land described in a deed to Port of Beaumont Navigation District of Jefferson County, recorded in File No. 273775, Official Public Records, Orange County, Texas; said 8.02 acre tract being more fully described by metes and bounds as follows, to wit:

COMMENCING at a ½” steel rod, capped and marked “F&S”, found on the intersection of the West right of way line of a dedicated road named Old Highway 90, recorded in Volume 41, Page 336, Deed Records, Orange County, Texas and the Northwesterly line of a 150’ wide Texarkana and Fort Smith Railway Company right of way, recorded in Volume 6, Page 34, Deed Records, Orange County, Texas; said ½” steel rod being the most Easterly corner of the (Called 215.626) acre tract; having a Texas Coordinate of N: 10053081.35, E: 4275342.92;

THENCE, on the West right of way line of said Old Highway 90, same being the Northerly line of the (Called 215.626) acre tract on an arc of a curve to the left having a radius of 767.76’, an arc length of 293.41’, a chord bearing of North 57 deg., 26 min., 10 sec., West, a chord distance of 291.62’ to a point for corner being the **POINT OF BEGINNING** and Northeast corner of the herein described tract; having a Texas Coordinate of N: 10053238.31, E: 4275097.14;

THENCE, South 53 deg., 47 min., 01 sec., West, a distance of 639.55’ to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 1384.00’, an arc length of 1416.18’, a chord bearing of South 24 deg., 28 min., 11 sec., West, a chord distance of 1355.20’ to a point for corner;

THENCE, North 85 deg., 28 min., 18 sec., East, a distance of 18.22’ to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 435.00’, an arc length of 274.97’, a chord bearing of South 23 deg., 53 min., 55 sec., West, a chord distance of 270.42’ to a point for corner;

THENCE, North 42 deg., 00 min., 28 sec., East, a distance of 89.35’ to a point for corner on the East line of the (Called 250) acre tract, same being the West line of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas;

THENCE, South 05 deg., 58 min., 02 sec., East, on the common line of the (Called 250 and 503.688) acre tracts, a distance of 40.38’ to a point for corner;

THENCE, South 42 deg., 00 min., 28 sec., West, a distance of 62.31’ to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 405.00', an arc length of 369.38', a chord bearing of South 15 deg., 52 min., 46 sec., West, a chord distance of 356.71' to a point for corner;

THENCE, South 10 deg., 14 min., 55 sec., East, a distance of 2077.98' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1014.00', an arc length of 74.80', a chord bearing of North 08 deg., 08 min., 07 sec., West, a chord distance of 74.79' to a point for corner;

THENCE, South 06 deg., 01 min., 18 sec., East, a distance of 698.87' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 480.00', an arc length of 532.04', a chord bearing of South 25 deg., 43 min., 54 sec., West, a chord distance of 505.22' to a point for corner;

THENCE, South 57 deg., 29 min., 07 sec., West, a distance of 22.12' to a point for corner being the Northeast corner of a 4.54 acre tract of land surveyed this date;

THENCE, South 02 deg., 38 min., 57 sec., East, on the East line of the 4.54 acre tract, a distance of 424.19' to a point for corner being the Southeast corner of the 4.54 acre tract;

THENCE, South 87 deg., 24 min., 44 sec., West, on the South line of a 4.54 acre tract, a distance of 30.00' to a point for corner;

THENCE, North 02 deg., 38 min., 57 sec., West, a distance of 406.93' to a point for corner;

THENCE, South 57 deg., 29 min., 07 sec., West, a distance of 110.14' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 685.00', an arc length of 633.59', a chord bearing of South 83 deg., 58 min., 59 sec., West, a chord distance of 611.25' to a point for corner;

THENCE, North 69 deg., 31 min., 08 sec., West, a distance of 749.38' to a point for corner;

THENCE, South 20 deg., 28 min., 52 sec., West, a distance of 256.25' to a point for corner;

THENCE, North 65 deg., 59 min., 12 sec., West, a distance of 30.05' to a point for corner;

THENCE, North 20 deg., 28 min., 52 sec., East, a distance of 278.47' to a point for corner;

THENCE, South 69 deg., 31 min., 08 sec., East, a distance of 146.25' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 500.00', an arc length of 32.63', a chord bearing of South 71 deg., 23 min., 18 sec., East, a chord distance of 32.62' to a point for corner;

THENCE, South 73 deg., 15 min., 29 sec., East, a distance of 59.36' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 500.00', an arc length of 32.63', a chord bearing of North 71 deg., 23 min., 18 sec., West, a chord distance of 32.62' to a point for corner;

THENCE, South 69 deg., 31 min., 08 sec., East, a distance of 508.68' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 655.00', an arc length of 605.84', a chord bearing of North 83 deg., 58 min., 59 sec., East, a chord distance of 584.48' to a point for corner;

THENCE, North 57 deg., 29 min., 07 sec., East, a distance of 166.85' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 450.00', an arc length of 498.78', a chord bearing of North 25 deg., 43 min., 54 sec., East, a chord distance of 473.64' to a point for corner;

THENCE, North 06 deg., 01 min., 18 sec., West, a distance of 698.87' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 984.00', an arc length of 72.59', a chord bearing of North 08 deg., 08 min., 07 sec., West, a chord distance of 72.57' to a point for corner;

THENCE, North 10 deg., 14 min., 55 sec., West, a distance of 952.59' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 2000.00', an arc length of 244.49', a chord bearing of North 13 deg., 45 min., 02 sec., West, a chord distance of 244.34' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 4030.00', an arc length of 492.65', a chord bearing of North 13 deg., 45 min., 02 sec., West, a chord distance of 492.34' to a point for corner;

THENCE, North 10 deg., 14 min., 55 sec., West, a distance of 381.72' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1420.00', an arc length of 134.30', a chord bearing of North 07 deg., 32 min., 21 sec., West, a chord distance of 134.25' to a point for corner;

THENCE, South 85 deg., 28 min., 18 sec., West, a distance of 47.03' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 623.85', an arc length of 404.82', a chord bearing of South 36 deg., 20 min., 34 sec., West, a chord distance of 397.76' to a point for corner;

THENCE, South 54 deg., 55 min., 58 sec., West, a distance of 158.40' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1000.00', an arc length of 193.40', a chord bearing of South 60 deg., 28 min., 23 sec., West, a chord distance of 193.10' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 1280.00', an arc length of 246.33', a chord bearing of South 60 deg., 30 min., 01 sec., West, a chord distance of 245.95' to a point for corner;

THENCE, North 35 deg., 00 min., 46 sec., West, a distance of 35.00' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1315.00', an arc length of 253.06', a chord bearing of North 60 deg., 30 min., 01 sec., East, a chord distance of 252.67' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 965.00', an arc length of 186.63', a chord bearing of North 60 deg., 28 min., 23 sec., East, a chord distance of 186.34' to a point for corner;

THENCE, North 54 deg., 55 min., 58 sec., East, a distance of 155.75' to a point for corner;

THENCE, on an arc of a curve to the left having a radius of 588.84', an arc length of 408.32', a chord bearing of North 35 deg., 04 min., 02 sec., East, a chord distance of 400.19' to a point for corner;

THENCE, North 15 deg., 12 min., 06 sec., East, a distance of 464.36' to a point for corner;

THENCE, on an arc of a curve to the right having a radius of 1416.00', an arc length of 854.37', a chord bearing of North 31 deg., 57 min., 53 sec., East, a chord distance of 841.47' to a point for corner;

THENCE, North 48 deg., 24 min., 58 sec., East, a distance of 239.79' to a point for corner;

THENCE, North 53 deg., 47 min., 01 sec., East, a distance of 418.96' to a point for corner;

THENCE, on the arc of a curve to the left having a radius of 50.00', an arc length of 52.27', a chord bearing of North 23 deg., 50 min., 17 sec., East, a chord distance of 49.92' to a point for corner on the West right of way line of said Old Highway 90; same being the Northeasterly line of the (Called 215.626) acre tract;

THENCE, South 70 deg., 34 min., 08 sec., East, on the West right of way line of said Old Highway 90, same being the Northeasterly line of the (Called 215.626) acre tract, a distance of 56.77' to a point for corner;

THENCE, continuing on the West right of way line of said Old Highway 90, same being the Northeasterly line of the (Called 215.626) acre tract on an arc of a curve to the right having a

radius of 767.76', an arc length of 33.60', a chord bearing of South 69 deg., 36 min., 49 sec., East, a chord distance of 33.60' to the **POINT OF BEGINNING** and containing 8.02 acres of land, more or less.

**TRACT III
4.25 ACRES OF LAND
OUT OF THE WILLIAM STEPHENSON SURVEY, ABSTRACT NO. 23
ORANGE COUNTY, TEXAS**

BEING 4.25 acres of land out of and a part of the William Stephenson Survey, Abstract No. 23, Orange County, Texas; being part of a (Called 250) acre tract of land recorded as Tract 12, described in a deed to Port of Beaumont Navigation District, recorded in Volume 123, Page 376, Deed Records, Orange County, Texas; said 4.25 acre tract being more fully described by metes and bounds as follows, to wit:

BEGINNING at a point for corner on the South line of an 8.02 acre tract of land surveyed this date for access purposes; said point for corner being the Northeast corner of the herein described tract; having a Texas Coordinate of N: 10048231.00, E: 4274258.65; from which a 3" steel pipe found on the common line of the Gilbert Stevenson Survey, Abstract No. 167, and the William Stephenson Survey, Abstract No. 23, on the West line of a (Called 503.688) acre tract of land described in a deed to Optimus Steel, LLC, recorded in File No. 458665, Official Public Records, Orange County, Texas, bears North 04 deg., 09 min., 08 sec., East, a distance of 1915.82' and a 1" steel pipe found on the West line of the (Called 503.688) acre tract, bears South 47 deg., 32 min., 11 sec., East, a distance of 515.84';

THENCE, South 02 deg., 38 min., 57 sec., East, on a portion of the West line of the 8.02 acre tract, a distance of 406.93' to a point for corner being the Southeast corner of the herein described tract;

THENCE, South 87 deg., 24 min., 44 sec., West, a distance of 621.71' to a point for corner being the Southwest corner of the herein described tract;

THENCE, North 02 deg., 43 min., 18 sec., West, a distance of 286.03' to a point for corner on the South line of the 8.02 acre tract; said point for corner being the Northwest corner of the herein described tract;

THENCE, on the South line of the 8.02 acre tract, on an arc of a curve to the left having a radius of 685.00', an arc length of 544.86', a chord bearing of North 80 deg., 16 min., 20 sec., East, a chord distance of 530.61 to a point for corner;

THENCE, North 57 deg., 29 min., 07 sec., East, a distance of 110.14' to the **POINT OF BEGINNING** and containing 4.25 acres of land, more or less.

Exhibit B

Lessor's Existing Property

Tanks*:

- 2100 (123,000 BBL)
- 2101 (123,000 BBL)
- 2102 (123,000 BBL)
- 2300 (283,000 BBL) Crude Storage tank with floating roof
- 2301 (275,000 BBL) Crude Storage tank with floating roof
- 33400 (123,000 BBL)
- 33500 (123,000 BBL)

***Includes all related piping, racks, and ancillary equipment.**

West Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

2100 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/Piping Install

2300 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/Piping Install

Tracks:

- LL108 (11,600 TF)
- RL 113 "aka - Track 3" (approximately 8,536 TF)
- 1 Set of unloading tracks 14,445 TFT
 - o HR 112 & 117 "aka – 811" (6,184 ft)
 - o HR 109 "aka – M" (2,721 ft)

- o HR 110 “aka – N” (2,426 ft)
- o HR 111 “aka – O” (2,553 ft)
- o Crossover 8 “aka – P” (561 ft)

Docks:

- OC-1

Heavy Crude System – Trench, Can and unloading pumps (incl. MCC3)

- Civil, Pilings, and subsurface drainage for trench
- 60” concrete culvert, ditches, and gates
- (2) Concrete trenches, each measuring two thousand feet in length, approximately 10’ wide with depths varying from 5’ to 10’
- (1) 50’ x 80’ x 15’ deep concrete tank sump supported by augercast piles
- T-32000 Sump Tank
- Civil, Pilings, and structural steel for motors
- (3) – L5NG 164/160 ASSGIA-G, with Ductile Iron Non-Spacer Coupling, 350 HP Electric Motor and installation
- Lighting at trench
- 20’ x 50’ MCC 3 building
- 25-ton HVAC
- Switch gear, VFD’s Harmonic Filters and wiring
- Piping Expansion Joints
- Handrails and Steps - Trench

Barge Loading Pumps

- 33400 & 33500 Manifold (Mechanical & Piping)
- Civil, Piling, and Concrete
- L5NG/186/160 Pumps

Exhibit C

**Jefferson-Owned Property
(Equity Funded or Taxable Bond Funded Assets)**

Tanks*:

2000 (123,000 BBL)

2001 (123,000 BBL)

2002 (36,000 BBL)

2302 (256,000 BBL)

2303 (256,000 BBL)

2304 (302,000 BBL)

2209 (121,000 BBL)

2210 (180,000 BBL)

2211 (180,000 BBL)

2212 (180,000 BBL)

***Includes all related piping, racks, and ancillary equipment.**

Central Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

2000 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

2200 Manifold

- Civil, pilings, and concrete work
- Pipe supports and racking for manifold area
- Mech/ Piping Install

Tracks:

- RL 116 (8,724 TF)
- RL 115 (8,767 TF)
- RL 114 (8,808 TF)
- BO 400 (1,684 TF)

- ER 107 (8,574 TF)
- Lead 113 (938 TF)
- ER 106 (1,560 TF)
- ER 105 (3,011 TF)
- ER 104 (2,393 TF)
- ER 103 (2,613 TF)
- ER 102 (2,482 TF)
- ER 101 (1,130 TF)
- RS 221 (882 TF)
- RS 222 (1,000 TF)
- RS 223 (1,530 TF)
- RS 224 (1,298 TF)
- RS 225 (3.087 TF)
- RS 226 (1,570 TF)
- RS 227 (2,267 TF)
- RS 228 (2,404 TF)
- RS 229 (3,898 TF)
- Crossover 2 (212 TF)
- Crossover 3 (212 TF)
- Crossover 4 (302 TF)
- Crossover 5 (212 TF)
- Crossover 6 (194 TF)
- Crossover 7 (446 TF)
- Crossover 9 (393 TF)
- Crossover 10 (212 TF)
- Crossover 11 (393 TF)
- Crossover 12 (212 TF)
- Crossover 13 (469 TF)

Docks:

OC-3 Barge Dock

Loading/Unloading Equipment

Steam Generation/Boilers

Exhibit C Page 3

Exhibit D

Tax-Exempt New Property And Taxable New Property

Tax-Exempt New Property

Tanks:

2305 (458,000 BBL)

2306 (458,000 BBL)

2307 (458,000 BBL)

Rail Improvements:

- Track 120 (3,321 TF)
- Track 122 (2,501 TF)
- Track 123 (2,632 TF)
- Track 125 (3,890 TF)
- Track 130 (1,629 TF)
- Outer Track (8782 TF)

Taxable New Property

Rail Improvements:

A portion of the rail improvements described above under “Tax-Exempt New Property” as Track 120, 122, 123, 125, 130 and Outer Track, to be constructed by Lessee using a portion of the proceeds of the Taxable Series 2020B Bonds.

Ownership of all Tax-Exempt New Property, as well as the property referenced above as “Taxable New Property”, will be transferred by the Lessee, and if applicable Lessee shall cause ownership of any of such property held by any affiliate to be transferred, to the Lessor upon completion thereof and thereupon such property shall become a part of Taxable New Property and leased to Lessee under this Facilities Lease.

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Joseph P. Adams, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 officer(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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 officer(s) 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.

May 1, 2020

(Date)

/s/ Joseph P. Adams, Jr.

Joseph P. Adams, Jr.

Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Scott Christopher, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 officer(s) 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (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 officer(s) 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.

May 1, 2020

(Date)

/s/ Scott Christopher

Scott Christopher

Chief Financial Officer

EXHIBIT 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**

In connection with the Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the "Company") for the quarterly period ended March 31, 2020 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

May 1, 2020

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 CHIEF FINANCIAL OFFICER 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 Quarterly Report on Form 10-Q of Fortress Transportation and Infrastructure Investors LLC (the "Company") for the quarterly period ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Scott Christopher, 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/ Scott Christopher

Scott Christopher
Chief Financial Officer
May 1, 2020

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.