

MINUTES

MEETING - Board of Commissioners - Session 370

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia

February 4, 2016 (Rescheduled from January 26)

The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its regular public session meeting on February 4, 2016, in the VPA's Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m.

The following were then in attendance:

Commissioners:

John G. Milliken, Chairman
Jennifer D. Aument
J. William Cofer
Val S. McWhorter
Faith B. Power
Kim Scheeler
Deborah C. Waters (arrived 9:05)
F. Blair Wimbush
Manju S. Ganeriwala, State Treasurer

Commissioners Absent:

John N. Pullen, Vice Chairman
Martin J. Briley
Alan A. Diamonstein
Gary T. McCollum

VPA Staff:

John F. Reinhart, CEO/Executive Director
Rodney W. Oliver, Chief Financial Officer
Cathie France, Chief Public Affairs Officer
Joseph P. Ruddy, Chief Innovation Officer
James W. Noel, III, General Counsel
Russell Held, Senior Vice President, Business Development
Matthew Barnes-Smith, Vice President, Financial Planning & Analytics
Christopher "Kit" Chope, Vice President, Sustainability & Process Excellence
Sarah McCoy, Manager, Government & Community Affairs
Joe Harris, Senior Director, Media Relations/Spokesman
Carla Welsh, Director, Creative Services & Brand Management
Debra J. McNulty, Clerk/Secretary to the Board

Virginia International Terminals, LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer

Shawn Tibbetts, Chief Operations Officer

Guests:

Brice Fiske, Office of the Attorney General

Frank Borum, Atlantic Intermodal Services, LLC (President, Tidewater Motor Truck Assoc.)

JoAnne Carter, Public Financial Management (PFM Group)

Bryant McGann, Vandeventer Black LLP

Eric Sisco, Virginia International Gateway, Inc. (VIG)

David White, Virginia Maritime Association (VMA)

Steve Bain, On Course Solutions, LLC

Zoe Arndt, POV Legal Intern

Media

Kimberly Pierceall, *The Virginian-Pilot*

Mr. Ruddy conducted the safety briefing at this time. Mr. Harris introduced guests in attendance.

I. Approval of Minutes

Action: At the request of Chairman Milliken, the Board unanimously approved the minutes of the meeting held November 17, 2015, as circulated.

II. Reports of Committees

A. Executive Committee – John G. Milliken, Chairman

Chairman Milliken reported that the Executive Committee discussed several issues that included the current status of negotiations with the owners of Virginia International Gateway (VIG); matters impacting the Port with respect to the Governor's proposed Budget, including the \$350 million appropriation proposed for POV infrastructure at NIT. Chairman Milliken explained that there has been positive dialogue to date in addressing legislators' questions and emphasizing the importance of our Port as an economic engine for the Commonwealth of Virginia.

Chairman Milliken reported that the Executive Committee also conducted the annual review of the CEO/Executive Director's results and performance for CY2015; approved his incentive

compensation, and reviewed and approved confidential management metrics for CY2016.

Chairman Milliken announced that the Executive Committee considered a draft resolution (16-1, attached) for presentation to the full Board. He reported that the Committee determined that the Port had a strong 2015 and agreed to recommend to the full Board that Mr. Reinhart receive 94% of his bonus potential based on performance results.

At this time, the Chairman opened the floor for comments from the Board. Several members expressed their appreciation and complimented the work of Mr. Reinhart and that of his Senior Leadership Team on the accomplishments achieved in operational improvements, fiscal improvement, focus on employees and engaging a talented workforce, and human resource initiatives. Mr. Scheeler also commended the POV Team on their work with the City of Richmond in securing a long-term lease for the operation of Richmond Marine Terminal.

Chairman Milliken presented Resolution 16-1, a copy of which was included in the Board agenda materials.

Action: Upon motion by Chairman Milliken, seconded by Mr. Wimbush, the Board unanimously approved Resolution 16-1, awarding an incentive compensation for John F. Reinhart, CEO/Executive Director of the Virginia Port Authority, based on 2015 Management Incentive Metrics.

B. Finance and Audit Committee Report – Chairman Milliken (on behalf of Gary T. McCollum, Committee Vice Chair)

Chairman Milliken reported that the Finance and Audit Committee met in closed session yesterday and heard reports on the state of finances; opportunities in debt refunding; and considered two “blanket” resolutions for refunding issues (16-2 and 16-3) which were approved by the Committee.

At this time, Mr. Oliver reviewed the VPA/VIT consolidated income statement for the month ended November 30, 2015, and the FY16 fiscal year-to-date report (July 1-November 30, 2015). (A copy of Mr. Oliver’s presentation is attached.)

Mr. Reinhart announced that the December financials that were recently released reflected a slight decline in volume year-over-year which was the second month of lower volumes. He reported that the operating loss was slightly more than what was reported for November due to investments (people and equipment) to decongest the terminals and improve service. Mr. Reinhart reported that POV began to control costs in November to make sure POV reaches

its operating income goal of \$2.8 million by FYE2016. Mr. Reinhart noted that the financial loss to-date is half of what it was last year.

Mr. Oliver presented a slide that showed the fiscal status of POV for the first five months of FY16 - \$12.2 million in positive net change in position.

Chairman Milliken announced that POV is anticipating a flat year that will affect ports nationwide due to shipping volume forecasts for 2016.

At this time, Mr. Oliver reported that the Finance and Audit Committee heard presentations and approved two "blanket" resolutions giving authority to management to act on potential refunding opportunities that include certain parameters. He advised that key provisions of the resolutions were reviewed by Mr. William Harrison, VPA's bond counsel. Mr. Oliver reported that Ms. JoAnne Carter, VPA's financial advisor, reviewed a market update on a refunding opportunity for the outstanding 2011 Commonwealth Port Fund bonds. He reported that management intends to pursue the issue for a projected \$5.5 million in debt savings over the life of the bonds. Mr. Oliver said more information will be provided at the next board meeting.

Action: Upon motion by Mr. Wimbush, seconded by Mr. McWhorter, the VPA Board unanimously approved Resolution 16-2, supplementing Resolution 02-4, as previously amended and supplemented, authorizing the issuance of Commonwealth Port Fund Revenue Refunding Bonds in Calendar Year 2016, granting authority to the Executive Director of Virginia Port Authority to approve the issuance of such bonds and related matters.

In response to Mr. Wimbush's inquiry, Mr. Oliver affirmed that only the CPF revenue refunding bonds require Treasury Board approval but that both refunding issues would include the minimum 3% savings requirement. At the request of Chairman Milliken, Mr. Oliver reviewed highlights of the CPF revenue refunding, as outlined in Ms. Carter's market update (copy attached).

Ms. Ganeriwala inquired about the cost of the refunding principal versus the outstanding principal on the CPF bonds, Ms. Carter explained that the bonds are assumed to be issued at a premium and, as a result, \$54.6 million in proceeds would replace \$57.4 million of existing debt (subject to change). Ms. Ganeriwala was satisfied with Ms. Carter's explanation.

Action: Upon motion by Mr. Wimbush, seconded by Mr. McWhorter, the VPA Board unanimously approved Resolution 16-3, supplementing Resolution 97-5, as previously amended and supplemented, authorizing the issuance of Port Facilities Revenue Refunding Bonds in Calendar Year 2016, granting authority to the Executive Director of Virginia Port Authority to approve the issuance of such bonds and related matters.

C. Growth and Operations Committee Report – Jennifer D. Aument (on behalf of Alan A. Diamonstein, Committee Chair)

Ms. Aument reported that the Growth and Operations committee met yesterday and heard from Mr. Tibbetts who provided service level updates, safety updates, facilities optimization and increased operational efficiency initiatives and how they will help us maintain service levels for the remainder of the fiscal year.

I. Safety/Operations Report – Shawn Tibbetts, Chief Operations Officer

Mr. Tibbetts reported that the fiscal year-to-date OSHA lost work days (LWD) rate was 1.46 which is below the industry standard of 3.5. Ms. Aument asked Mr. Tibbetts to talk about POV's efforts to meet challenging safety goals while increasing productivity and implementing cost efficiencies. Mr. Tibbetts advised that there has been a lot of discussion surrounding initiatives that involve internal monitoring and evaluating. He briefly described the functions of the recently formed Terminal Safety Infraction Program (TSIP).

Mr. Tibbetts reviewed POV rail verses gates/barge volumes and the breakdown for each terminal. He reported that there was strong performance on the rail at VIG for the first six months of the fiscal year and that the investment in the development of five additional acres of land for the overflow of rail cargo has helped to reduce congestion and increase velocity. He described the improvements in rail dwell time at NIT and VIG.

Mr. Tibbetts reviewed gate turn-times (traditional and extended hours) at each of the marine terminals, net crane moves per hour, and straight-time vs. over-time that reflected a drop in over-time hours in the last few months.

Mr. Reinhart commended the POV Team on the metrics achieved in operations and for the support and cooperation from port stakeholders. He thanked Mr. Frank Borum for agreeing to serve as chair of the Motor Carrier Committee and for attending today's meeting.

2. Sales Report – Thomas D. Capozzi, Chief Sales Officer

Mr. Capozzi reviewed POV statistics for CY2015 and FY2016 (copies attached). He attributed the decline in barge service to the reduction of news print paper. Mr. Capozzi reported that the sales team is working on prospective business to bring online to replace some of the declines.

Mr. Capozzi announced new service by Nile Dutch for West African transshipments; he mentioned the Governor's India/Middle East and Cuban trade missions; and provided a brief update on the Panama Canal expansion, which is nearly complete.

Mr. Capozzi talked about the merger of COSTCO/China Shipping and CMA-CGM's purchase of NOL. A discussion ensued with regard to import/export growth and transshipments.

At this time, Ms. Aument announced that the Growth and Operations Committee also heard a report from Ms. France regarding progress on the Foreign Trade Zone application incorporating several counties in North Carolina into FTZ 20. Ms. Aument reported that the Committee voted to recommend adoption of Resolution 16-4.

Action: Upon motion by Ms. Aument, seconded by Mr. Wimbush, the VPA Board unanimously approved Resolution 16-4, authorizing the Virginia Port Authority Application for Expansion of Foreign-Trade Zone #20 under Alternative Site Framework, to include the North Carolina communities of Hertford Co., Gates Co., Chowan Co., Perquimans Co., Pasquotank Co., Camden Co., Currituck Co., and Elizabeth City.

Ms. Aument referred to copies of the POV 2065 Master Plan. She announced that the Plan is a road map of the investments POV must make to keep pace at our port and to stay competitive. (Note: The Master Plan executive summary appears on POV's website.)

III. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs highlighted the following Human Resource initiatives:

- Midyear performance discussions scheduled late January
- Ongoing focus on Employee Engagement results from 2015 survey
- Survey for 2016 scheduled for April 2016
- Focus on Talent Acquisition and backfills to ensure alignment with organizational goals
- RFP out for Benefits Consulting Services
- Interviews for Summer Internship Program to begin first quarter of 2016

Mr. Bibbs also reviewed CY15 HR recruitment metrics, new hires and positions backfilled, and areas of training – in-house and external. Chairman Milliken complimented Mr. Bibbs on progress-to-date.

IV. Report by Chief Public Affairs Officer – Cathie France

Ms. France reported that the President signed the FAST Act and advised that POV was awaiting the guidelines and funding formula and the bill's impact on the Commonwealth. She also

reported on the Omnibus Act that allocates \$2.5 million to POV for Army Corps navigation funding for berth dredging.

Ms. France reported that Public Affairs is actively meeting with legislators and Washington officials on funding for Craney Island. On the state level, Ms. France reported that POV is working with the House and Senate to preserve the \$350 million allocated in the Governor's Budget for The Port of Virginia infrastructure.

Ms. France announced that a 40-year lease to operate Richmond Marine Terminal (RMT) was signed on February 1, at a ceremony that also included the commissioning of the new mobile harbor crane. She thanked Mr. Scheeler for his efforts as well as the POV Team who were instrumental in the lease negotiations.

Mr. Reinhart also thanked Virginia Maritime Association for their assistance with Army Corps and General Assembly matters and he acknowledged David White of VMA, who was in attendance. He also complimented the POV Team for their efforts. A discussion ensued with regard to increased business prospects and road/rail improvements planned for RMT. Ms. France reported that POV is working with the P3 office on a study to determine marketing and investment plans for RMT, and also working with Secretary Layne and Secretary Jones (Commerce and Trade). Mr. Reinhart affirmed that metrics developed for RMT would be shared with the Board.

Ms. France presented a summary of 2014 and 2015 economic development statistics as follows:

- Announcements: 75
- Square Footage: Over 8 Million
- Investment: Over \$3.9 Billion
- Jobs Created: 7,980

With regard to the Governor's Budget and allocation for POV, Ms. France thanked Chairman Milliken for his presentation to the Northern Virginia Caucus and Mr. Scheeler for his presentation to the Richmond Caucus. She announced that VMA would be presenting to the Hampton Roads Caucus.

Ms. France described the internal and external communications that are issued by the Marketing and Communications division (MARCOM) that included operational alerts, severe weather alerts, Stewardship Recognition Program, the Master Plan, and media attention that included the arrival of RTGs from the Ukraine and the Richmond mobile harbor crane. Ms. France also described POV branding that was completed on new signage for Richmond Marine Terminal (renamed from Port of Richmond).

Ms. France reported Maritime Incident Response Team (MIRT) initiatives. She reported that POV had been selected by the Federal government to be a pilot area for the use of nuclear detection devices. Ms. France described the equipment that POV received from the Domestic Nuclear Detection Office (DNDO). She announced that a table-top exercise was scheduled for February 9, 2016 ("Cyber Crucible 16") at Virginia International Gateway (VIG).

V. Report by Chief Innovation Officer – Joseph P. Ruddy

Mr. Ruddy presented examples of some of the analytic metrics (live gate statistics and PMT wharf analysis) that were developed by Strategic Planning for both internal and external reporting.

Mr. Ruddy reported that SAS was contracted for a 12-week program to conduct a walk-through with our colleagues to analyze data in order to provide the necessary hardware and software to have the proper tools to make decisions for POV analytics (data governance). He briefly described the program.

Mr. Ruddy reviewed milestones on the following projects (copies from the presentation are attached):

- NIT North Gate/Optimization
- 3rd Street Rail Portal
- Next Major Milestones for the NIT Optimization Project (Steering Committee: Reinhart/Ruddy/Tibbetts)
- 45/55 Foot General Reevaluation Report (GRR)
- Maintenance Dredging Timeframe

Mr. Ruddy then explained the Army Corps' dredging restrictions for the James River and dredging cycles for the Hampton Roads Harbor.

Mr. Ruddy reported on the following area of Information Technology and described each project:

- Truck reservation system
- Positional detection system
- N4 (Navis) VIG upgrade—NIT, RMT and PMT are all on N4
- SOLAS (Safety of Life at Sea) gross verified weight update

At the request of Ms. Aument, Mr. Ruddy explained the importance of ongoing maintenance, training, monitoring, and upgrades on the N4 product. Mr. Ruddy further explained requirements of SOLAS for Ms. Waters.

Chairman Milliken asked Mr. Ruddy to further explain the operational benefits of the NIT North Gate complex. Mr. Reinhart also emphasized the importance of the I-564 Connector that will alleviate traffic on Hampton Boulevard.

At the request of Chairman Milliken, Ms. France announced the following State of the Port events:

March 22 – Portsmouth Renaissance Hotel (luncheon) – following VPA Board Public Session

March 23 – Richmond Chamber of Commerce (luncheon)

March 24 – Warren County Government Center - Front Royal (breakfast event)

Mr. Reinhart announced the annual VMA “Port Day” at the General Assembly, scheduled for February 11th. David White explained transportation arrangements that are provided by VMA. Chairman Milliken reported that he planned to attend the event and he welcomed Commissioners to also attend.

VI. Report by CEO/Executive Director – John F. Reinhart

Mr. Reinhart thanked the Board for the due diligence review of 2015 results and for the review of metrics for 2016. With regard to Mr. Reinhart’s two-year anniversary, he attributed the results achieved to the POV Team.

Mr. Reinhart announced that 2015 was a record year. He talked about POV outpacing growth and facing congestion issues that were addressed, however, he said the real future for this port is infrastructure. Mr. Reinhart announced that 6.5% growth for 2015 was a tribute to the Team. He expressed disappointment that The Port of Virginia fell out of the Top 10 list of fastest growing ports on the East Coast which, he said, was not acceptable. Mr. Reinhart emphasized that we must all work towards the right short-term and long-term solutions for this Port.

Mr. Reinhart also addressed the financial losses in the second part of the fiscal year (2016), which was expected, however, he said he was proud of the services POV delivered. Mr. Reinhart affirmed his confidence in the POV Team and expressed appreciation to the Board for their support.

Chairman Milliken announced that 2016 is an important year ahead of us in building momentum on past successes.

At this time, the Chairman announced that he would not be attending the March 22 board meeting and he appointed Commissioner Diamonstein to chair the meeting in his absence.

Mr. Reinhart concluded with a time-lapsed video featuring the off-loading of the four RTG cranes at NIT and mobile harbor crane at RMT.

VII. Unfinished Business

There was no unfinished business to report.

VIII. New Business

There was no new business to report at this time.

IX. Other Business, Opportunity for Public Comment, and Adjournment

There being no further business and no public comments, the meeting adjourned at 11:00 a.m.

The 2016 VPA Board Public Session schedule for the remainder of the year is as follows:

March 22

May 24

July 26 (Annual Meeting – Election of Officers)

September 27

November 15 (rescheduled from November 22, due to Thanksgiving holiday)

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Debra J. McNulty", with a large, stylized flourish extending from the bottom right of the signature.

Debra J. McNulty
Clerk to the Board

RESOLUTION 16-1

A RESOLUTION APPROVING THE INCENTIVE COMPENSATION FOR JOHN F. REINHART, CEO/EXECUTIVE DIRECTOR OF THE VIRGINIA PORT AUTHORITY, BASED ON 2015 MANAGEMENT INCENTIVE METRICS

WHEREAS, §62.1-129 of the Code of Virginia states that the Virginia Port Authority Executive Director's compensation shall be fixed by the Virginia Port Authority Board of Commissioners in accordance with law; and

WHEREAS, §62.1-129 further states that the compensation shall be established at a level which will enable the Virginia Port Authority to attract and retain a capable Executive Director; and

WHEREAS, the Board of Commissioners and Mr. Reinhart entered into an Employment Agreement dated October 31, 2013 ("Employment Agreement"), which Employment Agreement was approved by the Governor on November 14, 2013; and

WHEREAS, Mr. Reinhart's Employment Agreement with the Virginia Port Authority provides that the Board of Commissioners may grant Mr. Reinhart additional incentive compensation to a maximum amount of 50% of his then-effective Annual Base Salary, as defined in the Employment Agreement, provided Mr. Reinhart achieves certain performance goals and objectives (metrics) set by the Board; and

WHEREAS, the Board of Commissioners established and approved the Management Incentive Metrics for Calendar Year 2015 for Mr. Reinhart; and

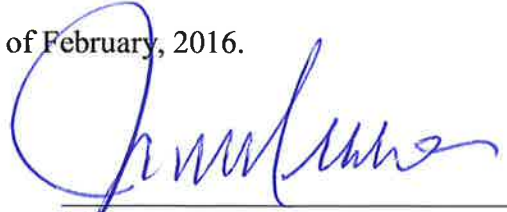
WHEREAS, the Board of Commissioners has determined that Mr. Reinhart has achieved 94% of his Management Incentive Metrics for Calendar Year 2015; and

WHEREAS, a First Amendment to the Employment Agreement, approved on January 27, 2015, provides that the additional incentive compensation may be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan)) established pursuant to the Employment Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Virginia Port Authority grants the Chairman of the Board the power to authorize payment of additional incentive compensation in the amount of 94% of 50% of Mr. Reinhart's Annual Base Salary, effective February 10, 2016, as defined in the Employment Agreement.

BE IT FURTHER RESOLVED, that the Chairman is authorized to determine the amount of the payment described above that will be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan) established pursuant to the Employment Agreement, and the remaining amount that will be paid to Mr. Reinhart.

PASSED AND ADOPTED this 4th day of February, 2016.



John G. Milliken
Chairman

Attest:



Debra J. McNulty, Clerk

Resolution No. 16-2

RESOLUTION SUPPLEMENTING RESOLUTION 02-4, AS PREVIOUSLY AMENDED AND SUPPLEMENTED, AUTHORIZING THE ISSUANCE OF COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS IN CALENDAR YEAR 2016, GRANTING AUTHORITY TO THE EXECUTIVE DIRECTOR OF VIRGINIA PORT AUTHORITY TO APPROVE THE ISSUANCE OF SUCH BONDS AND RELATED MATTERS

The Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") adopted Resolution No. 02-4 on May 28, 2002 (as previously amended and supplemented, the "Bond Resolution"), which in Section 2.10 permits the issuance of bonds of the Authority for the purpose of, among other things, providing funds for refunding all or, if then permitted by law, any Bonds of any one or more Series of Bonds then outstanding, including the payment of any redemption premium and accrued interest thereon and any expenses in connection with such refunding.

The Authority has previously issued Bonds under the Bond Resolution pursuant to Series Resolutions adopted on May 24, 2011 (the "Series 2011 Bonds") with an outstanding principal balance of \$57,370,000; July 24, 2012 (the "Series 2012B Taxable Bonds") with an outstanding principal balance of \$43,170,000 and (the "Series 2012C Bonds") with an outstanding principal balance of \$4,795,000; and March 24, 2015 (the "Series 2015 Bonds") with an outstanding principal balance of \$58,680,000. The Series 2011 Bonds, the Series 2012B Taxable Bonds, the Series 2012C Bonds and the Series 2015 Bonds are collectively referred to as the "Bonds". To take advantage of potential low interest rates as they may exist from time to time during calendar year 2016, the Board has now determined to refund all or a portion of the callable maturities of one or more series of the Bonds by the issuance and sale of refunding bonds pursuant to Section 2.10 of the Bond Resolution to be designated the "Virginia Port Authority Commonwealth Port Fund Revenue Refunding Bonds, Series 2016" (the "Series 2016 Bonds"), which Series 2016 Bonds may be issued in one or more series throughout calendar year 2016 and shall be appropriately designated to differentiate one series from another. The Series 2016 Bonds shall be issued as tax-exempt or taxable refunding issue(s) subject to certain Refunding Conditions, herein defined.

In Item 454 of Chapter 2 of the Acts of Assembly of 2014, Special Session I, the General Assembly of the Commonwealth has authorized the Authority to refund the Bonds.

The Board also wishes to authorize the Authority to obtain Treasury Board approval of the Series 2016 Bonds and the associated plan of finance.

The Board has found and determined that the issuance and sale of the Series 2016 Bonds on the terms contemplated hereby are in conformity with the purposes of the Authority set forth in the Act and are in the public interest and otherwise beneficial to the Commonwealth of Virginia.

Section 2.10 of the Bond Resolution contemplates that in a Series Resolution supplementing the Bond Resolution the Board will authorize the issuance of its refunding bonds, fix the amount and the details thereof and describe the Bonds to be refunded. The definition of "Series Resolution" in the Bond Resolution states that if the Board shall delegate to the Finance and Audit Committee of the Board or the Executive Director the power to determine specifically the matters generally authorized by a Series Resolution of the Board, the resolution of the Finance and Audit Committee, or the certificate of the Executive Director, as the case may be, in furtherance of such Series Resolution shall be deemed to be part of the Series Resolution.

The Board has determined that it is necessary to delegate to the Executive Director the authority to approve the form and content of any preliminary official statement, final official statement, continuing disclosure agreement, bond purchase agreement, escrow agreement and any other documents deemed necessary by the Authority's bond counsel to consummate the refunding of the Bonds and the issuance of the Series 2016 Bonds (collectively, the "Refunding Documents"). As the actual terms of the Series 2016 Bonds and the identity of the Bonds to be refunded cannot be determined until the time the Authority enters the market, the Board has determined that it is necessary to delegate to the Executive Director the power to approve the issuance of the Series 2016 Bonds, the details thereof and the Bonds to be refunded, subject to the Refunding Conditions herein set forth, by the execution and delivery of one or more certificates of the Executive Director which shall be deemed to be part of this Series Resolution.

NOW THEREFORE IT IS RESOLVED by the Board of Commissioners of Virginia Port Authority, as follows:

Section 1. Authorization of Bonds. (a) The Authority is authorized to issue the Series 2016 Bonds on a tax-exempt or taxable basis, in one or more series throughout calendar year 2016 pursuant to Section 2.10 of the Bond Resolution, as determined by the Executive Director, subject to the approval of the Treasury Board, for the purpose of providing funds, with other funds as may be available therefor, for refunding all or a part of one or more series of the Bonds, including the payment of any redemption premium and accrued interest thereon; paying costs of issuance of the Series 2016 Bonds; and as necessary, funding reserves for the payment of principal of and interest on the Series 2016 Bonds, subject, however, to the following conditions (the "Refunding Conditions"):

(i) The aggregate principal amount of the Series 2016 Bonds shall not exceed \$145,000,000;

(ii) If issued in more than one series, the Series 2016 Bonds shall be appropriately designated to differentiate one series from another;

(iii) The final maturity of any series of the Series 2016 Bonds is not later than one year after the final maturity of the Bonds to be refunded;

(iii) The net present value savings to be achieved by the Authority upon issuance of each series of the Series 2016 Bonds shall not be less than 3.0% of the aggregate principal amount of the related refunded Bonds; and

(iv) The principal amortization of each series of the Series 2016 Bonds shall be substantially similar to the principal amortization of the Bonds to be refunded so as to achieve approximately level debt service savings, unless the Chairman of the Authority and the Chairman of the Authority's Finance and Audit Committee shall have each approved an alternative financing structure.

(b) The Series 2016 Bonds will be issued in fully registered form, and may be sold in a public offering or a private placement. Any such issue of the Series 2016 Bonds offered in a public sale shall be issued in the name of Cede & Co., a nominee of the Depository Trust Company, New York, New York ("DTC"), and immobilized in the custody of DTC or otherwise as may be permitted by DTC's rules. One Series 2016 Bond in each series will be issued for the original principal amount of each maturity. Unless any such issue of the Series 2016 Bonds are offered in a private placement, beneficial owners will not receive physical delivery of the Series 2016 Bonds. Unless any such issue of the Series 2016 Bonds are offered in a private placement, individual purchases of the Series 2016 Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000.

Unless any such issue of the Series 2016 Bonds are offered in a private placement, payments of the principal of and premium, if any, and interest on the Series 2016 Bonds will be made to DTC or its nominee as registered owner of the Series 2016 Bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee, is the registered owner of the Series 2016 Bonds, references in the Bond Resolution or this Series Resolution to the Holders of the Series 2016 Bonds mean Cede & Co. and do not mean the beneficial owners of the Series 2016 Bonds.

Replacement Series 2016 Bonds (the "Replacement Bonds") will be issued directly to beneficial owners of Series 2016 Bonds rather than to DTC, or its nominee, but only in the event that:

(1) DTC determines not to continue to act as securities depository for the Series 2016 Bonds;

(2) the Authority has advised DTC of its determination that DTC is incapable of discharging its duties;

(3) the Authority has determined that it is in the best interests of the beneficial owners of the Series 2016 Bonds not to continue the book-entry system of transfer; or

(4) the Series 2016 Bonds being replaced were originally issued in a private placement.

Upon occurrence of the events described in clause (1) or (2), the Authority will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the Authority fails to locate another qualified securities depository to replace DTC, the Authority will execute, and the Bond Registrar will authenticate and deliver to the Participants (as defined in DTC's rules), the Replacement Bonds to which such Participants are entitled. In the event the Authority makes the determination described in clause (2) or (3) (the Bond Registrar has no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination), and if the determination under clause (2) has also been made, and the Authority has failed to locate another qualified securities depository and has made provisions to notify the beneficial owners of the Series 2016 Bonds by mailing an appropriate notice to DTC, the Authority will execute, and the Bond Registrar will authenticate and deliver to the Participants, the appropriate Replacement Bonds to which Participants are entitled. The Bond Registrar is entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds.

The Series 2016 Bonds will be issued substantially in the form set forth in Section 2.02 of the Bond Resolution, with appropriate variations, omissions and insertions as may be permitted or required by the Bond Resolution, this Series Resolution and any certificate of the Executive Director deemed a part of this Series Resolution. There may be endorsed on the Series 2016 Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

(c) Subject to the Refunding Conditions, the Series 2016 Bonds shall be issued in such principal amount; shall be dated a date that is on or before the date of their delivery; shall be Current Interest Bonds and shall be Serial Bonds and/or Term Bonds; shall mature, subject to mandatory sinking fund redemption with such Amortization Requirements and to the right of prior redemption in accordance with the Refunding Conditions and Section 2 hereof; and shall bear interest payable on January 1 and July 1 in each year commencing on such date, at such rates per annum, as may be determined by a certificate of the Executive Director delivered at the Closing.

(d) If any issue of the Series 2016 Bonds are offered in a public offering, the Authority delegates to the Executive Director the authority to appoint the underwriting syndicate for such series of the Series 2016 Bonds to be offered at public sale, and to designate the senior manager and co-senior manager, if any, of such underwriting syndicate.

(e) The Executive Director is authorized to obtain the services of a firm qualified under the Bond Resolution to verify the mathematical computations associated with the refunding of the Bonds to be refunded, including its provision of an independent confirmation of the sufficiency and yield of the Defeasance Obligations deposited in the escrow fund created under any Escrow Agreement approved by the Executive Director.

Section 2. Optional Redemption. The Series 2016 Bonds may be subject to the right of prior redemption at the option of the Authority upon such terms as the Executive Director shall determine with the advice of the Authority's financial advisor.

Section 3. Terms of Purchase; Approval of Bond Purchase Agreement. The Executive Director is hereby authorized, subject to the prior approval of the Treasury Board, if the Authority's Financial Advisor shall so recommend, to accept an offer of the underwriters in a public offering or an offer of an institutional buyer in a private placement, in the form of the Bond Purchase Agreement, to purchase all of any issue of the Series 2016 Bonds at the price stated therein. Multiple Bond Purchase Agreements may be executed by the Executive Director to consummate the sale of more than one issue of Series 2016 Bonds. The Executive Director's execution and delivery of the Bond Purchase Agreement(s) shall constitute conclusive evidence of his acceptance of the purchase price of an issue of Series 2016 Bonds and his approval of the form and content of any Bond Purchase Agreement.

Section 4. Approval of Official Statement. In any public offering of an issue of Series 2016 Bonds, the form and content of the Preliminary Official Statement shall be approved by the Executive Director. Subject to the approval of its form and content by the Executive Director, the use and distribution by the underwriters selected by the Executive Director of the Preliminary Official Statement in connection with the offering of the Series 2016 Bonds, prior to the availability of the Official Statement, are hereby authorized. The Executive Director is hereby authorized to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, and the distribution of such Preliminary Official Statement shall be conclusive evidence that the Authority has deemed such Preliminary Official Statement final. The Chairman or Vice Chairman of the Board and the Executive Director of the Authority are hereby authorized and directed to execute and deliver to the underwriters for their use and distribution in making a public offering of an issue of the Series 2016 Bonds (but only upon the terms and conditions set forth herein and in the Bond Purchase Agreement applicable thereto) a final Official Statement, together with any amendment or supplement to such final Official Statement as may be necessary to comply with the Bond Purchase Agreement, which in the case of such final Official Statement shall be substantially in the form of the Preliminary Official Statement approved by the Executive Director, with such changes, insertions and omissions as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve, and which in the case of any such amendment or supplement shall be in such form as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve. The execution and delivery by the Chairman or Vice Chairman and the Executive Director of the final Official Statement or any such amendment or supplement thereto shall be conclusive evidence that the Authority has approved any such changes, insertions and omissions, amendment or supplement, as the case may be.

Section 5. Approval of Other Refunding Documents. The Executive Director shall approve the form and content of the other Refunding Documents and is hereby authorized to execute and deliver the other Refunding Documents, his execution of such Refunding Documents to be conclusive evidence of such approval.

Section 6. Execution of the Bonds. The Series 2016 Bonds shall be executed with the original or facsimile signature of the Executive Director and the original signature of the Secretary of the Authority, and the seal of the Authority shall be impressed, or a facsimile of the seal of the Authority shall be imprinted, on the Series 2016 Bonds. The Series 2016 Bonds shall

be authenticated by the Bond Registrar and shall be delivered by the Trustee to or for the account of the underwriters in the case of a public offering or to or for the account of the institutional buyer in the case of a private placement upon receipt of the purchase price set forth in the Bond Purchase Agreement accepted by the Executive Director.

Section 7. Application of Proceeds. The proceeds of the Series 2016 Bonds shall be transferred by the Trustee to the Escrow Agent for deposit, together with other available funds, in the escrow fund and applied by the Escrow Agent as required by the Escrow Agreement or used by the Authority to pay costs of issuance of the Series 2016 Bonds.

Section 8. Defeasance. The Executive Director is authorized to purchase Defeasance Obligations to be held under the Escrow Agreement on any date (which needs not be the same date in each case) between the dated date of the applicable Bond Purchase Agreement and the delivery date of the Series 2016 Bonds.

Section 9. Tax Covenant. If a tax-exempt issuance of any series of the Series 2016 Bonds is pursued, the Authority covenants that it will comply with the provisions of the Internal Revenue Code of 1986, as amended, so that interest on the Series 2016 Bonds will remain exempt from existing federal income taxes to which they are subject on the date of the issuance of such Series 2016 Bonds.

Section 10. Treasury Board Approval. The Authority requests the Treasury Board of the Commonwealth to approve the terms and conditions and structure of each issue of the Series 2016 Bonds in accordance with the provisions of Section 2.2-2416.5 and 2.2-2416.7 of the Code of Virginia of 1950, as amended. The Authority is authorized and directed to make application(s) for such approval(s) to the Treasury Board and to furnish such materials and do such things as may be required to obtain such approval(s).

Section 11. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority are hereby ratified and confirmed. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may in their discretion deem necessary or proper in connection with the issuance of the Series 2016 Bonds.

Section 12. Other Definitions. All terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

Section 13. Series Resolution. This Resolution supplements the Bond Resolution and constitutes a Series Resolution as defined therein.

Section 14. Effective Date; Termination of Effectiveness. This Series Resolution shall take effect immediately upon its adoption. If no Series 2016 Bonds are issued by the Authority in accordance with the terms hereof prior to midnight on December 31, 2016, this Resolution shall expire and terminate.

PASSED AND ADOPTED this 4th day of February, 2016.



John G. Milliken, Chairman

Attest:


Debra J. McNulty, Clerk

Resolution No. 16-3

RESOLUTION SUPPLEMENTING RESOLUTION 97-5, AS PREVIOUSLY AMENDED AND SUPPLEMENTED, AUTHORIZING THE ISSUANCE OF PORT FACILITIES REVENUE REFUNDING BONDS IN CALENDAR YEAR 2016, GRANTING AUTHORITY TO THE EXECUTIVE DIRECTOR OF VIRGINIA PORT AUTHORITY TO APPROVE THE ISSUANCE OF SUCH BONDS AND RELATED MATTERS

The Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") adopted Resolution No. 97-5 on May 27, 1997 (as previously amended and supplemented, the "Bond Resolution"), which in Section 210 permits the issuance of bonds of the Authority for the purpose of, among other things, providing funds for refunding all or, if then permitted by law, any Bonds of any one or more Series of Bonds then outstanding, including the payment of any redemption premium and accrued interest thereon and any expenses in connection with such refunding.

The Authority has previously issued Bonds under the Bond Resolution pursuant to Series Resolutions adopted on January 23, 2007 (the "Series 2007 Bonds") with an outstanding principal balance of \$3,535,000; March 23, 2010 (the "Series 2010 Bonds") with an outstanding principal balance of \$68,630,000; May 28, 2013 (the "Series 2013 Bonds") with an outstanding principal balance of \$37,945,000; and November 18, 2014 (the "Series 2015A Bonds") with an outstanding principal balance of \$85,130,000 and the "Series 2015B Bonds" with an outstanding principal balance of \$56,755,000. The Series 2007 Bonds, the Series 2010 Bonds, the Series 2013 Bonds, the Series 2015A Bonds and the Series 2015B Bonds are collectively referred to as the "Bonds". To take advantage of potential low interest rates as they may exist from time to time in calendar year 2016, the Board has now determined to refund all or a portion of the callable maturities of one or more series of the Bonds by the issuance and sale of refunding bonds pursuant to Section 210 of the Bond Resolution to be designated the "Virginia Port Authority Port Facilities Revenue Refunding Bonds, Series 2016" (the "Series 2016 Bonds"), which Series 2016 Bonds may be issued in one or more series throughout calendar year 2016 and shall be appropriately designated to differentiate one series from another. The Series 2016 Bonds shall be issued as tax-exempt or taxable refunding issue(s) subject to certain Refunding Conditions, herein defined.

The Board has found and determined that the issuance and sale of the Series 2016 Bonds on the terms contemplated hereby are in conformity with the purposes of the Authority set forth in the Act and are in the public interest and otherwise beneficial to the Commonwealth of Virginia.

In Item 454 of Chapter 2 of the Acts of Assembly of 2014, Special Session I, the General Assembly of the Commonwealth has authorized the Authority to refund the Bonds.

Section 210 of the Bond Resolution contemplates that in a Series Resolution supplementing the Bond Resolution the Board will authorize the issuance of its refunding bonds,

fix the amount and the details thereof and describe the Bonds to be refunded. The definition of "Series Resolution" in the Bond Resolution states that if the Board shall delegate to the Finance and Audit Committee of the Board or the Executive Director the power to determine specifically the matters generally authorized by a Series Resolution of the Board, the resolution of the Finance and Audit Committee, or the certificate of the Executive Director, as the case may be, in furtherance of such Series Resolution shall be deemed to be part of the Series Resolution.

The Board has determined that it is necessary to delegate to the Executive Director the authority to approve the form and content of any preliminary official statement, final official statement, continuing disclosure agreement, bond purchase agreement, escrow agreement and any other documents deemed necessary by the Authority's bond counsel to consummate the refunding of the Bonds and the issuance of the Series 2016 Bonds (collectively, the "Refunding Documents"). As the actual terms of the Series 2016 Bonds and the identity of the Bonds to be refunded cannot be determined until the time the Authority enters the market, the Board has determined that it is necessary to delegate to the Executive Director the power to approve the issuance of the Series 2016 Bonds, the details thereof and the Bonds to be refunded, subject to the Refunding Conditions herein set forth, by the execution and delivery of one or more certificates of the Executive Director which shall be deemed to be part of this Series Resolution.

NOW THEREFORE IT IS RESOLVED by the Board of Commissioners of Virginia Port Authority, as follows:

Section 1. Authorization of Bonds. (a) The Authority is authorized to issue the Series 2016 Bonds on a tax-exempt or taxable basis, in one or more series throughout calendar year 2016 pursuant to Section 210 of the Bond Resolution, as determined by the Executive Director, for the purpose of providing funds, with other funds as may be available therefor, for refunding all or a part of one or more series of the Bonds, including the payment of any redemption premium and accrued interest thereon; paying costs of issuance of the Series 2016 Bonds; and as necessary, funding reserves for the payment of principal of and interest on the Series 2016 Bonds, subject, however, to the following conditions (the "Refunding Conditions"):

(i) The aggregate principal amount of the Series 2016 Bonds shall not exceed \$240,000,000;

(ii) If issued in more than one series, the Series 2016 Bonds shall be appropriately designated to differentiate one series from another;

(iii) The final maturity of any series of the Series 2016 Bonds is not later than one year after the final maturity of the Bonds to be refunded;

(iv) The net present value savings to be achieved by the Authority upon issuance of each series of the Series 2016 Bonds shall not be less than 3.0% of the aggregate principal amount of the related refunded Bonds; and

(v) The principal amortization of each series of the Series 2016 Bonds shall be substantially similar to the principal amortization of the Bonds to be refunded so as to achieve

approximately level debt service savings, unless the Chairman of the Authority and the Chairman of the Authority's Finance and Audit Committee shall have each approved an alternative financing structure.

(b) The Series 2016 Bonds will be issued in fully registered form, and may be sold in a public offering or a private placement. Any such series of the Series 2016 Bonds offered in a public sale shall be issued in the name of Cede & Co., a nominee of the Depository Trust Company, New York, New York ("DTC"), and immobilized in the custody of DTC or otherwise as may be permitted by DTC's rules. One Series 2016 Bond in each series will be issued for the original principal amount of each maturity. Unless any such series of the Series 2016 Bonds are offered in a private placement, beneficial owners will not receive physical delivery of the Series 2016 Bonds. Unless any such series of the Series 2016 Bonds are offered in a private placement, individual purchases of the Series 2016 Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000.

Unless any such series of the Series 2016 Bonds are offered in a private placement, payments of the principal of and premium, if any, and interest on the Series 2016 Bonds will be made to DTC or its nominee as registered owner of the Series 2016 Bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee, is the registered owner of the Series 2016 Bonds, references in the Bond Resolution or this Series Resolution to the Holders of the Series 2016 Bonds mean Cede & Co. and do not mean the beneficial owners of the Series 2016 Bonds.

Replacement Series 2016 Bonds (the "Replacement Bonds") will be issued directly to beneficial owners of Series 2016 Bonds rather than to DTC, or its nominee, but only in the event that:

- (1) DTC determines not to continue to act as securities depository for the Series 2016 Bonds;
- (2) the Authority has advised DTC of its determination that DTC is incapable of discharging its duties;
- (3) the Authority has determined that it is in the best interests of the beneficial owners of the Series 2016 Bonds not to continue the book-entry system of transfer; or
- (4) the Series 2016 Bonds being replaced were originally issued in a private placement.

Upon occurrence of the events described in clause (1) or (2), the Authority will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the Authority fails to locate another qualified securities depository to replace DTC, the Authority will execute, and the Bond Registrar will authenticate and deliver to the Participants (as defined in DTC's rules), the Replacement Bonds to which such Participants are

entitled. In the event the Authority makes the determination described in clause (2) or (3) (the Bond Registrar has no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination), and if the determination under clause (2) has also been made, and the Authority has failed to locate another qualified securities depository and has made provisions to notify the beneficial owners of the Series 2016 Bonds by mailing an appropriate notice to DTC, the Authority will execute, and the Bond Registrar will authenticate and deliver to the Participants, the appropriate Replacement Bonds to which Participants are entitled. The Bond Registrar is entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds.

The Series 2016 Bonds will be issued substantially in the form set forth in Section 202 of the Bond Resolution, with appropriate variations, omissions and insertions as may be permitted or required by the Bond Resolution, this Series Resolution and any certificate of the Executive Director deemed a part of this Series Resolution. There may be endorsed on the Series 2016 Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

(c) Subject to the Refunding Conditions, the Series 2016 Bonds shall be issued in such principal amount; shall be dated a date that is on or before the date of their delivery; shall be Current Interest Bonds and shall be Serial Bonds and/or Term Bonds; shall mature, subject to mandatory sinking fund redemption with such Amortization Requirements and to the right of prior redemption in accordance with the Refunding Conditions and Section 2 hereof; and shall bear interest payable on January 1 and July 1 in each year commencing on such date, at such rates per annum, as may be determined by a certificate of the Executive Director delivered at the Closing.

(d) If any issue of the Series 2016 Bonds are offered in a public offering, the Authority delegates to the Executive Director the authority to appoint the underwriting syndicate for such issue of the Series 2016 Bonds to be offered at public sale, and to designate the senior manager and co-senior manager, if any, of such underwriting syndicate.

(e) The Executive Director is authorized to obtain the services of a firm qualified under the Bond Resolution to verify the mathematical computations associated with the refunding of the Bonds to be refunded, including its provision of an independent confirmation of the sufficiency and yield of the Defeasance Obligations deposited in the escrow fund created under any Escrow Agreement approved by the Executive Director.

Section 2. Optional Redemption. The Series 2016 Bonds may be subject to the right of prior redemption at the option of the Authority upon such terms as the Executive Director shall determine with the advice of the Authority's financial advisor.

Section 3. Terms of Purchase; Approval of Bond Purchase Agreement. The Executive Director is hereby authorized, if the Authority's Financial Advisor shall so recommend, to accept an offer of the underwriters in a public offering or an offer of an institutional buyer in a private placement, in the form of the Bond Purchase Agreement, to purchase all of any issue of the Series 2016 Bonds at the price stated therein. Multiple Bond Purchase Agreements may be

executed by the Executive Director to consummate the sale of more than one issue of Series 2016 Bonds. The Executive Director's execution and delivery of the Bond Purchase Agreement(s) shall constitute conclusive evidence of his acceptance of the purchase price of an issue of Series 2016 Bonds and his approval of the form and content of any Bond Purchase Agreement.

Section 4. Approval of Official Statement. In any public offering of an issue of Series 2016 Bonds, the form and content of the Preliminary Official Statement shall be approved by the Executive Director. Subject to the approval of its form and content by the Executive Director, the use and distribution by the underwriters selected by the Executive Director of the Preliminary Official Statement in connection with the offering of the Series 2016 Bonds, prior to the availability of the Official Statement, are hereby authorized. The Executive Director is hereby authorized to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, and the distribution of such Preliminary Official Statement shall be conclusive evidence that the Authority has deemed such Preliminary Official Statement final. The Chairman or Vice Chairman of the Board and the Executive Director of the Authority are hereby authorized and directed to execute and deliver to the underwriters for their use and distribution in making a public offering of an issue of the Series 2016 Bonds (but only upon the terms and conditions set forth herein and in the Bond Purchase Agreement applicable thereto) a final Official Statement, together with any amendment or supplement to such final Official Statement as may be necessary to comply with the Bond Purchase Agreement, which in the case of such final Official Statement shall be substantially in the form of the Preliminary Official Statement approved by the Executive Director, with such changes, insertions and omissions as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve, and which in the case of any such amendment or supplement shall be in such form as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve. The execution and delivery by the Chairman or Vice Chairman and the Executive Director of the final Official Statement or any such amendment or supplement thereto shall be conclusive evidence that the Authority has approved any such changes, insertions and omissions, amendment or supplement, as the case may be.

Section 5. Approval of Other Refunding Documents. The Executive Director shall approve the form and content of the other Refunding Documents and is hereby authorized to execute and deliver the other Refunding Documents, his execution of such Refunding Documents to be conclusive evidence of such approval.

Section 6. Execution of the Bonds. The Series 2016 Bonds shall be executed with the original or facsimile signature of the Executive Director and the original signature of the Secretary of the Authority, and the seal of the Authority shall be impressed, or a facsimile of the seal of the Authority shall be imprinted, on the Series 2016 Bonds. The Series 2016 Bonds shall be authenticated by the Bond Registrar and shall be delivered by the Trustee to or for the account of the underwriters in the case of a public offering or to or for the account of the institutional buyer in the case of a private placement upon receipt of the purchase price set forth in the Bond Purchase Agreement accepted by the Executive Director.

Section 7. Application of Proceeds. (a) The proceeds of any issue of the Series 2016 Bonds shall be applied by the Trustee as follows:

(i) an amount equal to accrued interest, if any, received upon the delivery of the applicable issue of Series 2016 Bonds and an amount sufficient to provide for capitalized interest, if any, shall be deposited to the applicable Series 2016 Subaccount in the Debt Service Account of the Debt Service Fund held by the Trustee under the Bond Resolution;

(ii) an amount equal to the Reserve Account Requirement, if any, for the applicable issue of Series 2016 Bonds shall be deposited to the applicable series 2016 Subaccount of the Debt Service Reserve Account of the Debt Service Fund; provided that in lieu thereof, such amount, or any lesser amount, may be used to acquire any instrument permitted by the Bond Resolution to satisfy such Reserve Account Requirement;

(iii) an amount may be deposited to the applicable issue's 2016 Project Account of the Construction Fund to be used to pay Cost of Issuance; and

(iv) the balance of the proceeds shall be transferred by the Trustee to the Escrow Agent for deposit, together with other available funds as set forth in paragraph (b) below, in the escrow fund and applied by the Escrow Agent as required by the Escrow Agreement.

(b) Simultaneously with the application of the proceeds of any issue of the Series 2016 Bonds as provided above, the Trustee shall take the following actions:

(i) the amount held in the applicable series Debt Service Account of the Debt Service Fund for the payment of principal and interest due on the Bonds to be refunded shall be transferred to the escrow fund; and

(ii) the amount held in the applicable series Debt Service Reserve Account of the Debt Service Fund that constitutes the Reserve Account Requirement for the Bonds to be refunded shall be transferred to the escrow fund.

Section 8. Defeasance. The Executive Director is authorized to purchase Defeasance Obligations to be held under the Escrow Agreement on any date (which needs not be the same date in each case) between the dated date of the applicable Bond Purchase Agreement and the delivery date of the Series 2016 Bonds.

Section 9. Tax Covenant. If a tax-exempt issuance of any series of the Series 2016 Bonds is pursued, the Authority covenants that it will comply with the provisions of the Internal Revenue Code of 1986, as amended, so that interest on the Series 2016 Bonds will remain exempt from existing federal income taxes to which they are subject on the date of the issuance of such Series 2016 Bonds.

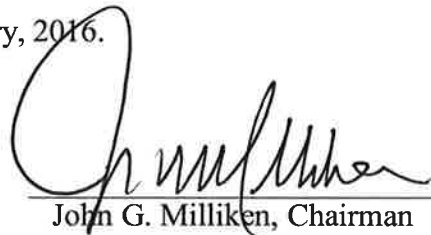
Section 10. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority are hereby ratified and confirmed. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may in their discretion deem necessary or proper in connection with the issuance of the Series 2016 Bonds.

Section 11. Other Definitions. All terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

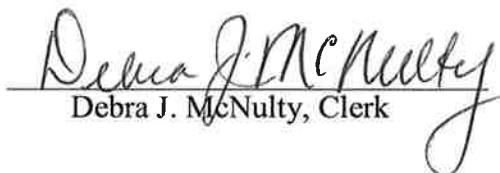
Section 12. Series Resolution. This Resolution supplements the Bond Resolution and constitutes a Series Resolution as defined therein.

Section 13. Effective Date; Termination of Effectiveness. This Series Resolution shall take effect immediately upon its adoption. If no Series 2016 Bonds are issued by the Authority prior to midnight on December 31, 2016, this Resolution shall expire and terminate.

PASSED AND ADOPTED this 4th day of February, 2016.


John G. Milliken, Chairman

Attest:


Debra J. McNulty, Clerk

**VIRGINIA PORT AUTHORITY
RESOLUTION 16-4**

**A RESOLUTION AUTHORIZING THE VIRGINIA PORT AUTHORITY
APPLICATION FOR EXPANSION OF FOREIGN-TRADE ZONE #20 UNDER
ALTERNATIVE SITE FRAMEWORK**

WHEREAS, pursuant to Section 62.1-159 through 162 of The Code of Virginia, Virginia Port Authority (herein called "VPA", and the "Grantee") is empowered to develop, maintain, and operate foreign-trade zones; and

WHEREAS, the VPA received a grant from the United States Foreign-Trade Zones Board for authorization to establish General Purpose Foreign-Trade Zone #20 pursuant to Foreign-Trade Zones Board order No. 105 issued on April 15, 1975;

WHEREAS, the VPA received approval to reorganize Foreign-Trade Zone #20 under Alternative Site Framework on March 13, 2014;

WHEREAS, the VPA, as Grantee, deems it desirable to make application to the Foreign-Trade Zones Board to expand its Service Area under the Foreign-Trade Zones Board's Alternative Site Framework to include the North Carolina communities of Hertford Co., Gates Co., Chowan Co., Perquimans Co., Pasquotank Co., Camden Co., Currituck Co., and Elizabeth City;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority, as the Grantee of Foreign-Trade Zone #20, is authorized to apply to the Foreign-Trade Zones Board for the Alternative Site Framework expansion.

PASSED AND ADOPTED this 4th day of February, 2016.



John G. Milliken

Chairman of the Board

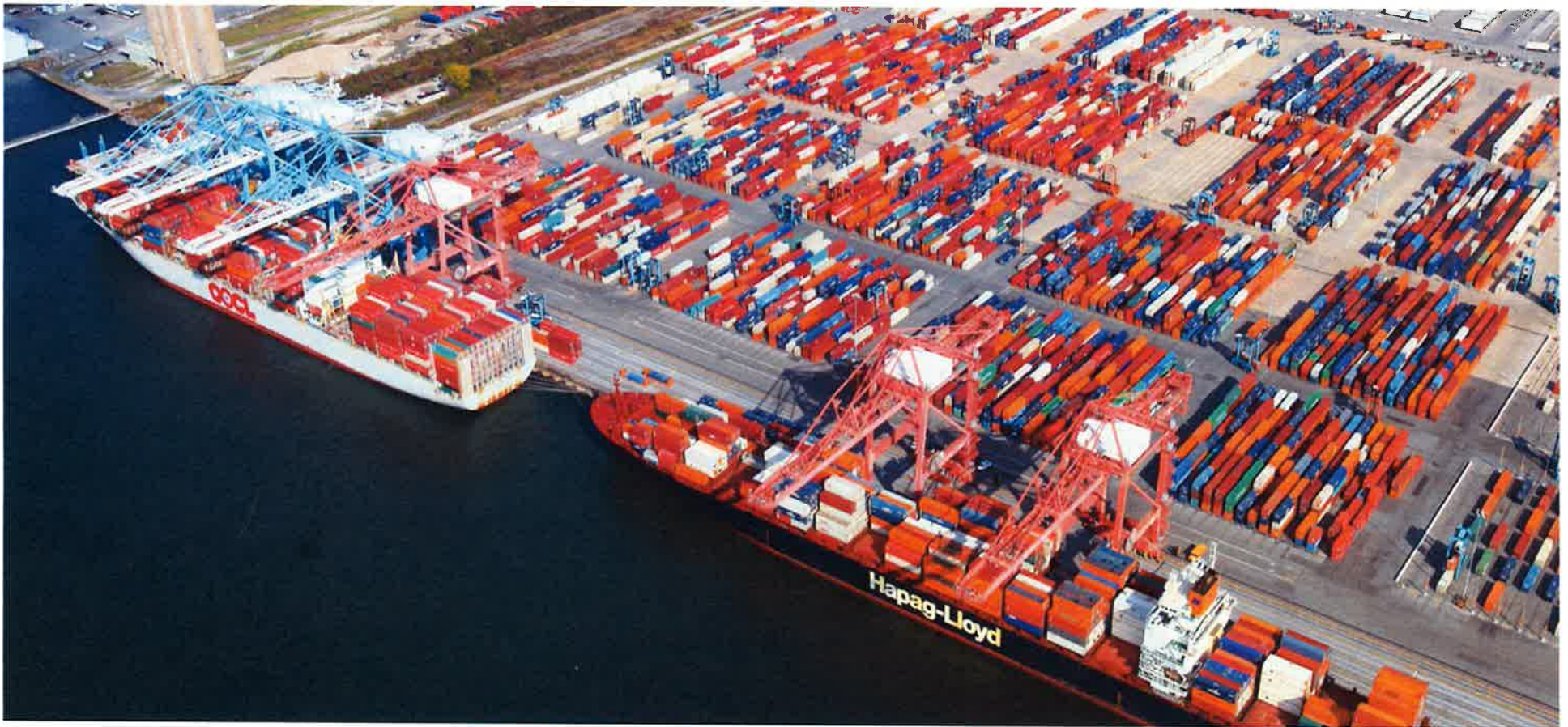


Debra J. McNulty

Clerk to the Board

Virginia Port Authority Board of Commissioners, Session 370, February 4, 2016 Financial Report

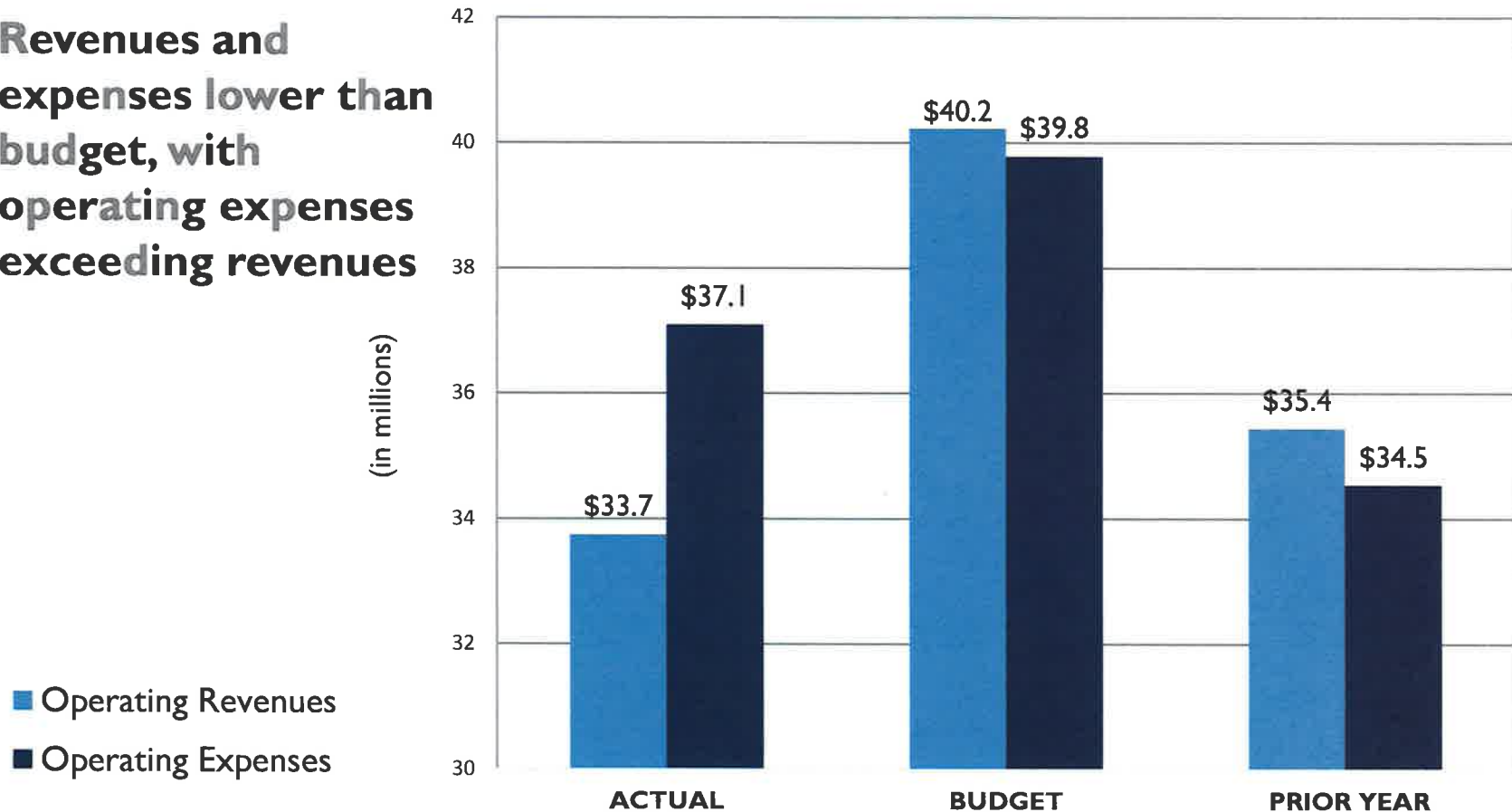
Rodney W. Oliver
Chief Financial Officer



OPERATING REVENUE AND EXPENSES:

For the Month Ended November 30, 2015

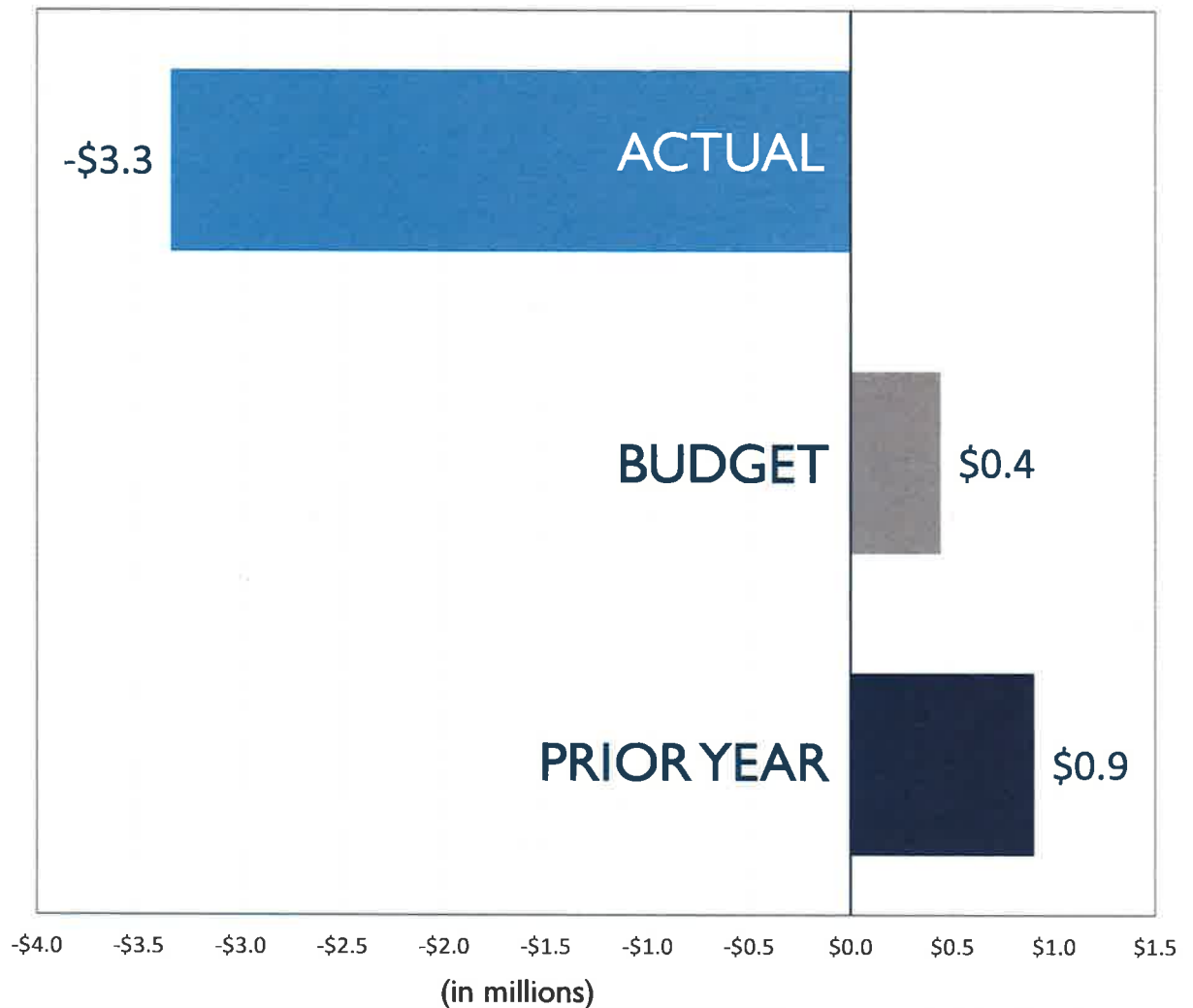
Revenues and expenses lower than budget, with operating expenses exceeding revenues



OPERATING INCOME (LOSS):

For the Month Ended November 30, 2015

Negative
results both in
terms of
Budget and
Prior Year

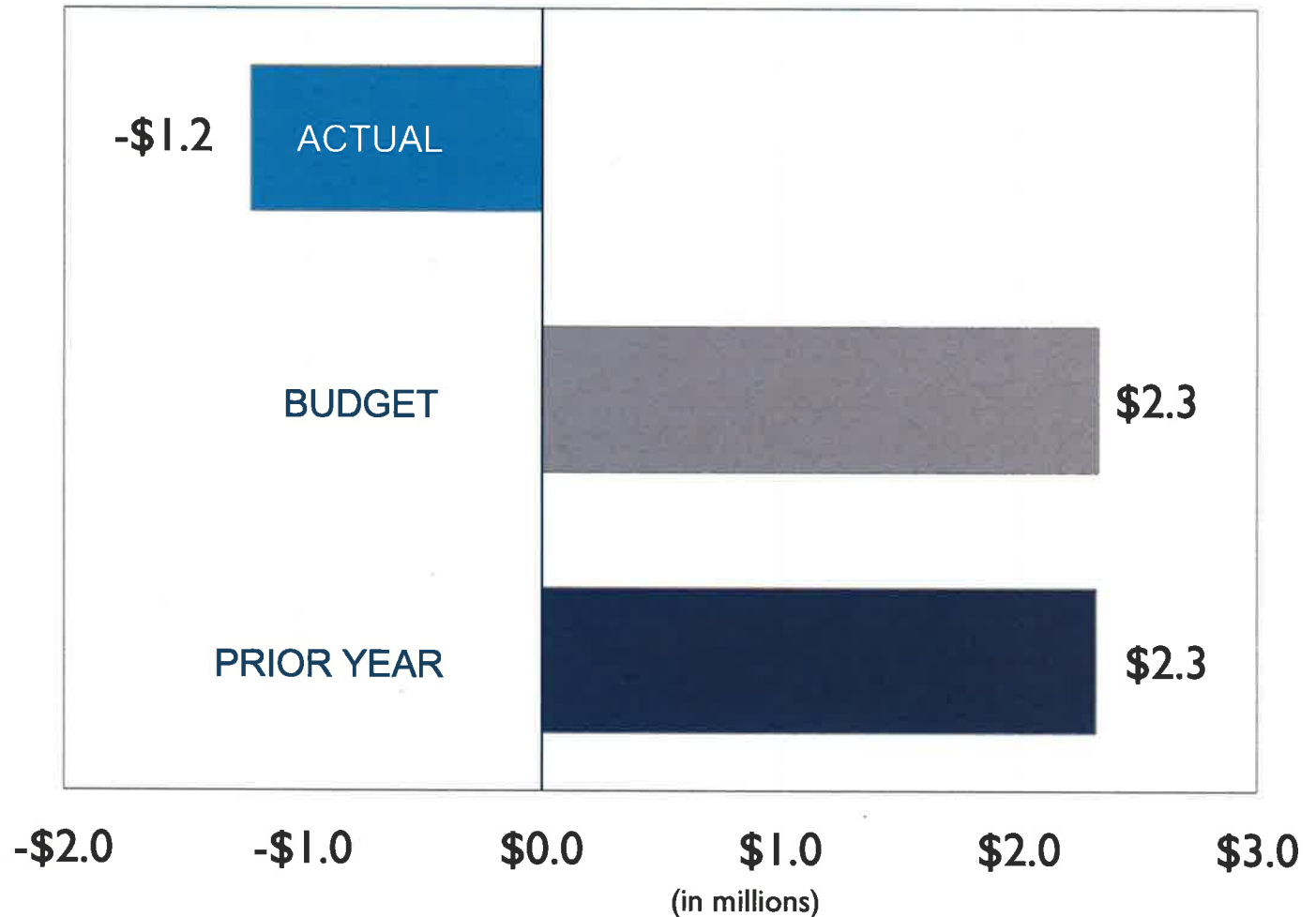


CHANGE IN NET POSITION:

For the Month Ended November 30, 2015

Net Position

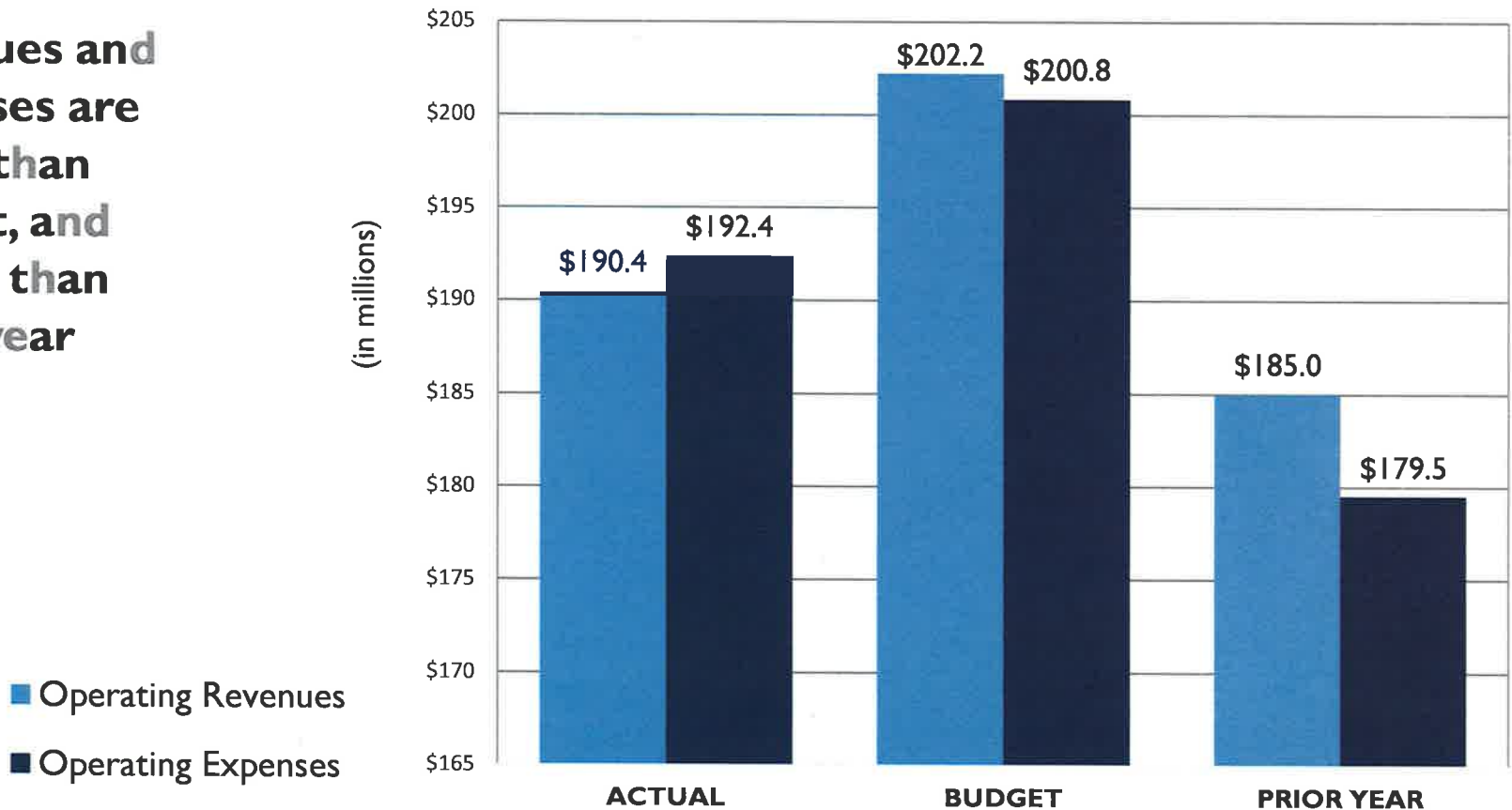
Results both in terms of Budget and Prior Year were a decrease



OPERATING REVENUE AND EXPENSES:

For the Five Months Ended November 30, 2015

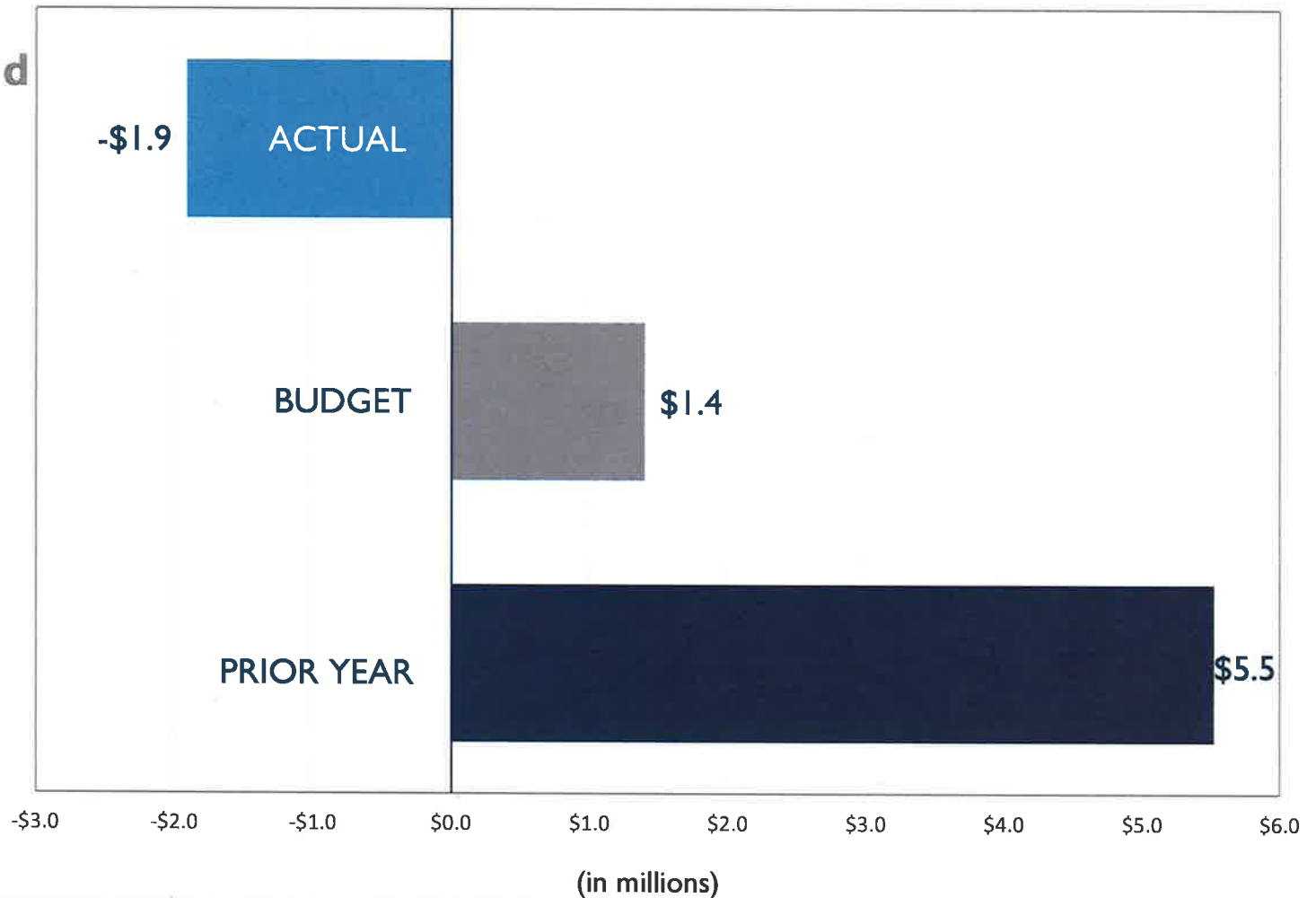
Revenues and expenses are lower than budget, and higher than prior year



OPERATING INCOME(LOSS):

For the Five Months Ended November 30, 2015

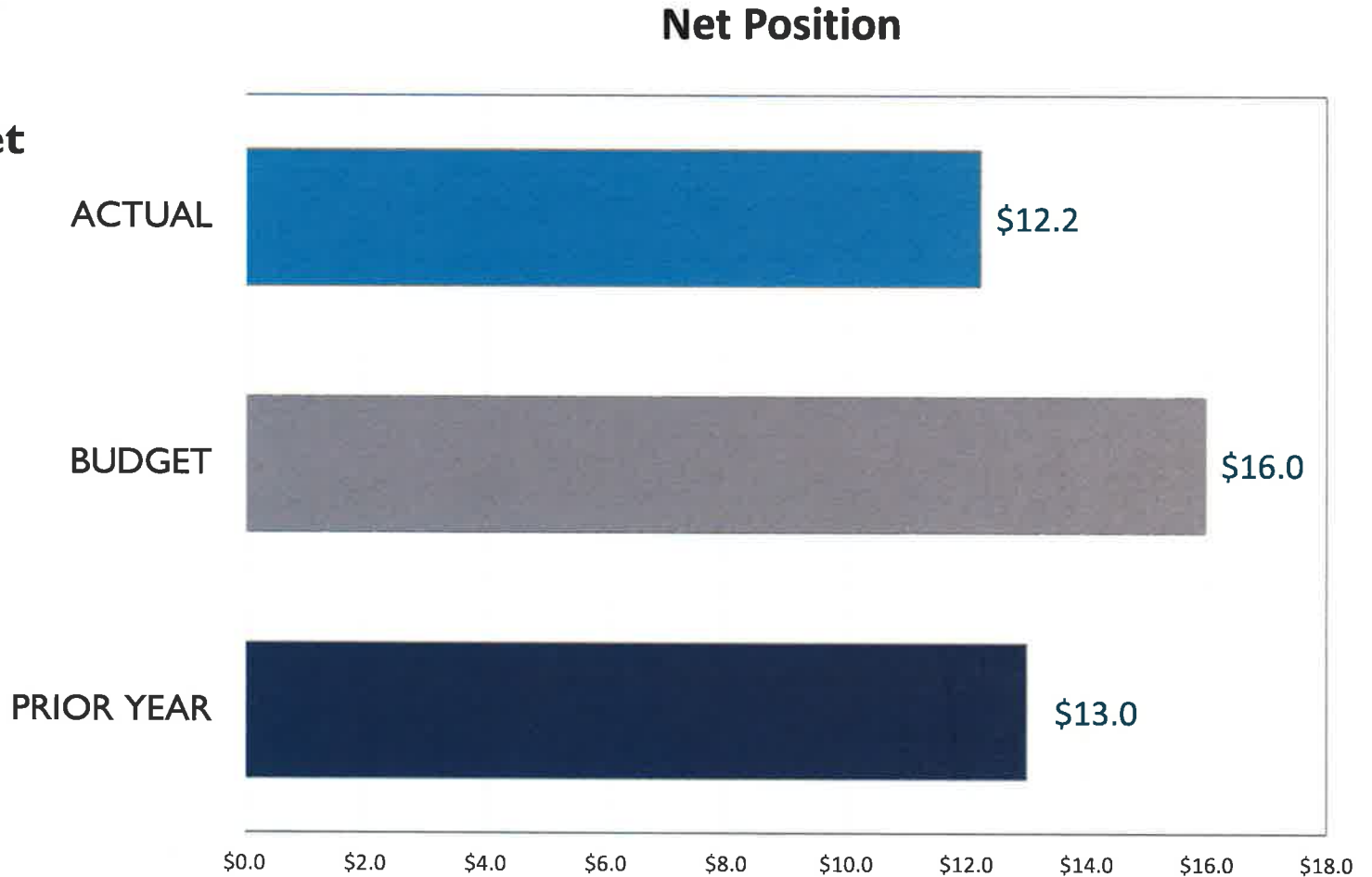
**Negative trend
in terms of
Budget and
Prior Year**



CHANGE IN NET POSITION:

For the Five Months Ended November 30, 2015

**Positive
increase in Net
Position, but
slightly below
Budget and
Prior Year**



(in millions)

Virginia Port Authority Market Update

(As of February 1, 2016)

\$54,570,000*

Commonwealth Port Fund Revenue Refunding Bonds
(*Preliminary, Subject to Change)

Prepared by



The PFM Group
Financial & Investment Advisors

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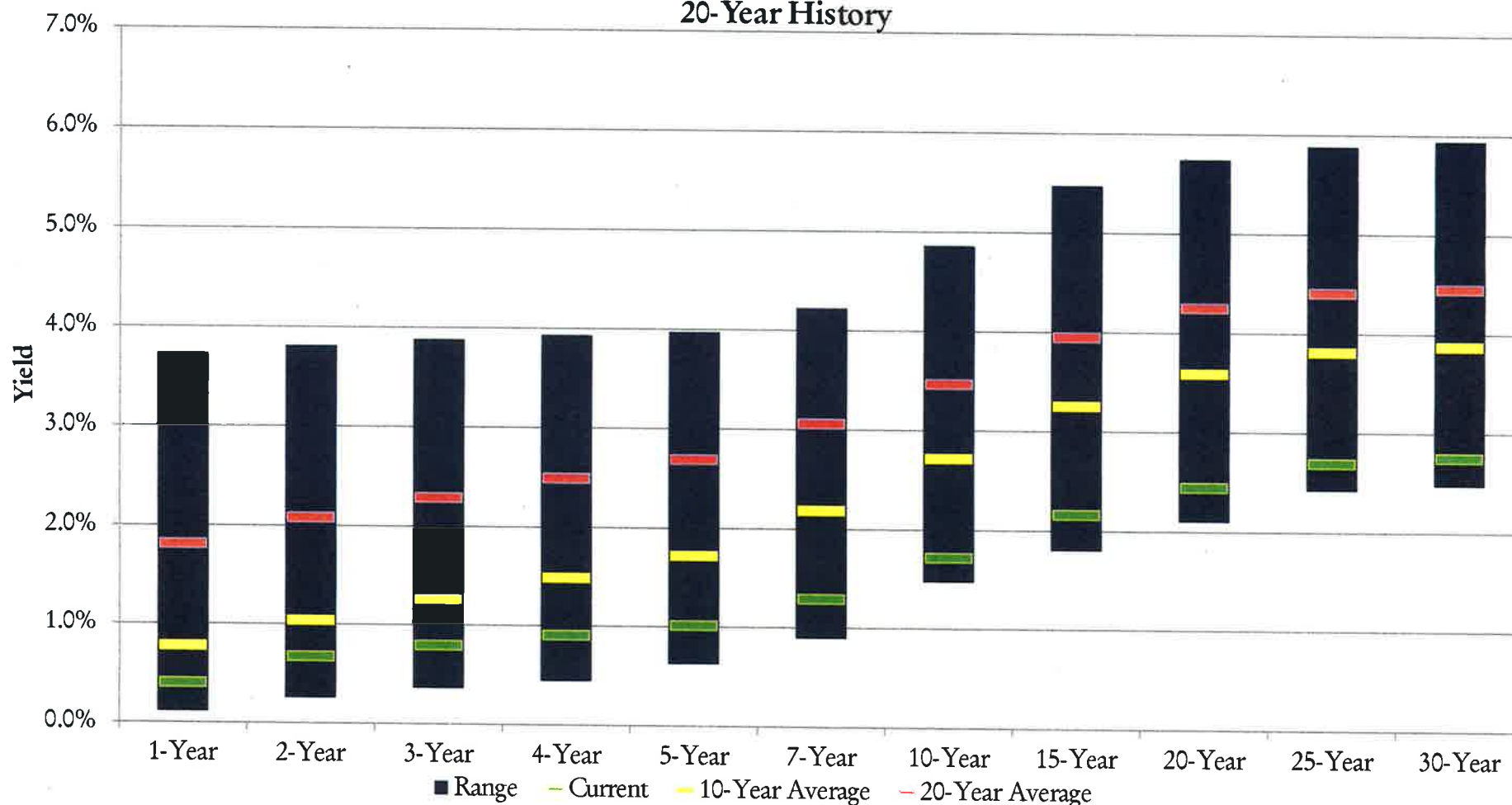


Tax-Exempt Municipal Interest Rates

20-Year History

As of February 1, 2016, municipal interest rates remain below long term historical averages.

Triple-A Rated Bond Yields 20-Year History

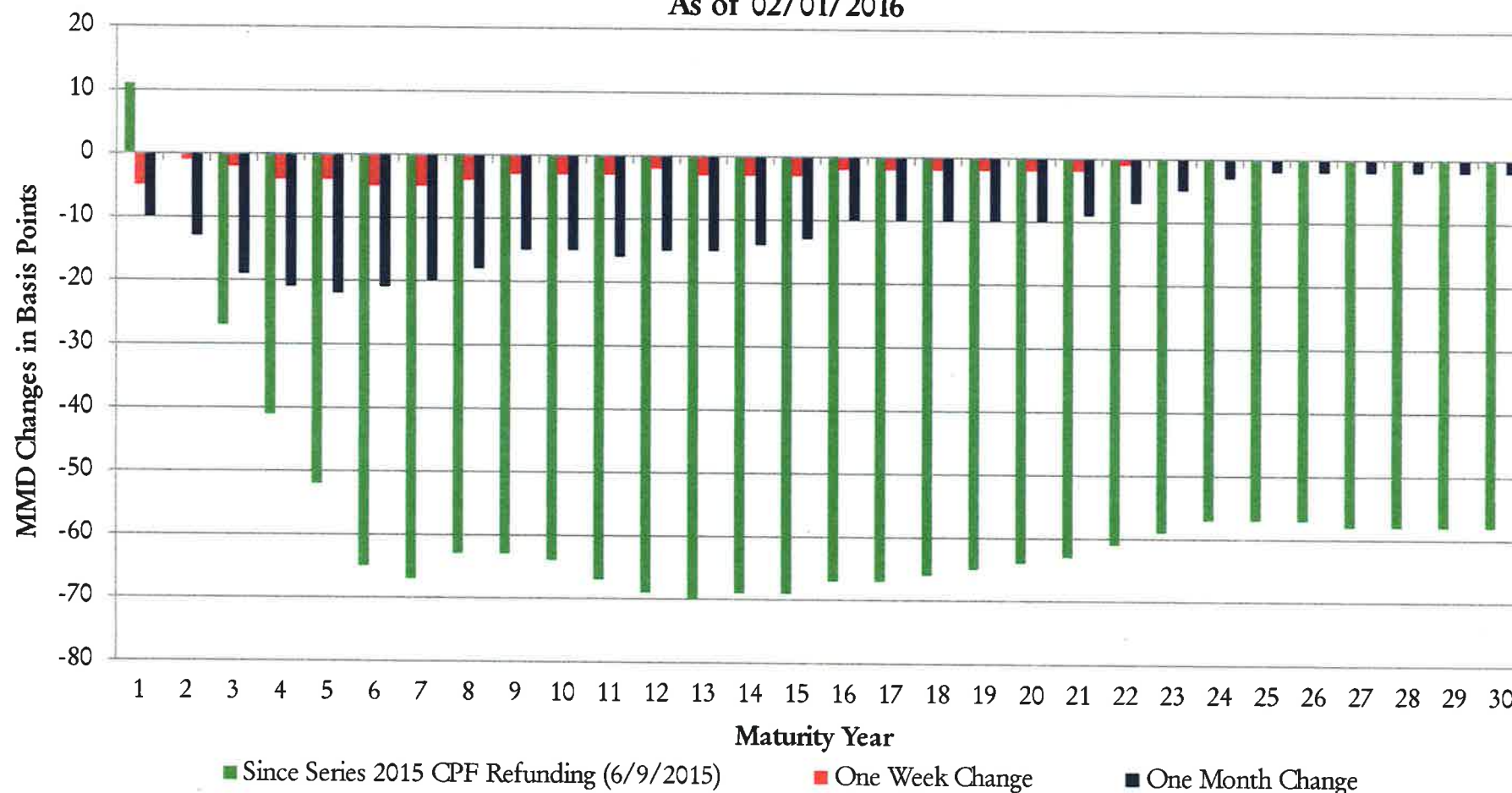


Source: Thomson Municipal Market Monitor, as of February 1, 2016.

Recent Interest Rate Movements

Long term municipal borrowing rates have started calendar year 2016 by trending downward.

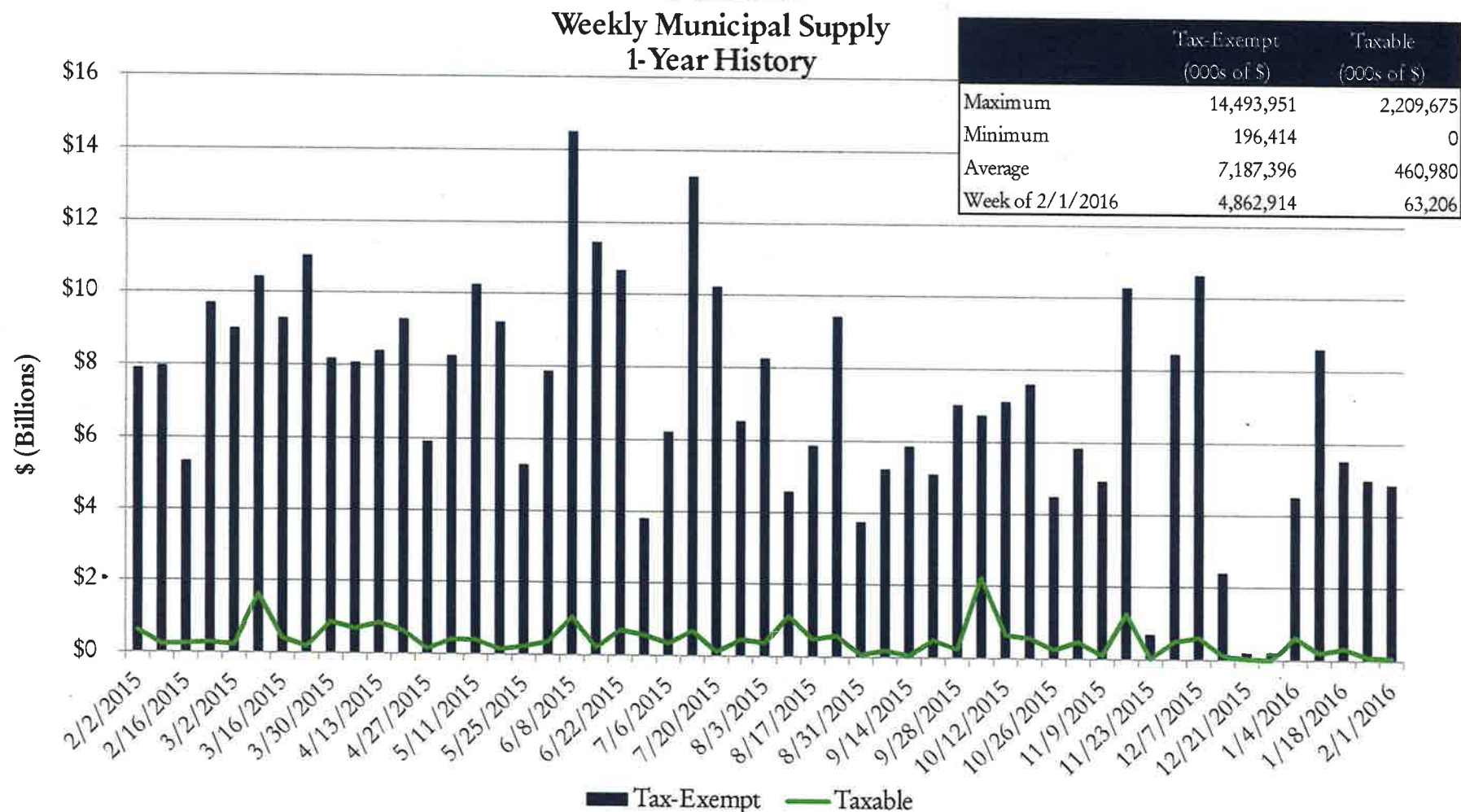
Municipal Market Data High Grade Yield Curve Changes
As of 02/01/2016



Source: Thomson Municipal Market Monitor, as of February 1, 2016.

Municipal Bond Volume

Demand for municipal bonds has remained steady despite strong supply in 2015 and recent municipal market headlines.



Source: Thomson Municipal Market Monitor, as of February 1, 2016.

Potential Commonwealth Port Fund (CPF) Refinancing

Preliminary Refinancing Statistics (Estimated)*

Principal*	\$54.6 million
Purpose	Refinance all callable Series 2011 Bonds (maturities in FY28-FY36)
Refunded Principal*	\$57.4 million
Tax Status	Tax-Exempt (Non-AMT)
Average Annual Cash Flow Savings*	\$35k (FY16) \$140k (FY17-FY27) \$395k (FY28-FY36)
Net Present Value (NPV) Savings*	\$3.7 million
NPV Savings as a % of Refunded Par*	6.54%
Average Life*	17.3 years
True Interest Cost (TIC)*	3.29%

*Preliminary, subject to change. Market conditions as of February 1, 2016.

THE PORT OF VIRGINIA STATISTICS CY2015

Complete Calendar Year: January - December

	CY14: Jan-Dec	CY15: Jan-Dec	Change	% Change
Total TEUs	2,393,038	2,549,270	156,232	6.5%
Export TEUs	1,298,389	1,392,212	93,823	7.2%
Import TEUs	1,094,649	1,157,058	62,409	5.7%
Total Containers	1,373,138	1,454,748	81,610	5.9%
General Cargo Tonnage	19,061,402	19,977,707	916,305	4.8%
Container Tonnage	18,733,342	19,681,988	948,646	5.1%
Breakbulk Tonnage	328,060	295,719	(32,341)	-9.9%
Total Rail Containers	448,096	484,081	35,985	8.0%
VIP Containers	36,841	37,254	413	1.1%
Total Barge Containers	56,934	47,606	(9,328)	-16.4%
Total Truck Containers	868,108	923,061	54,953	6.3%
Ship Calls	1,957	1,997	40	2.0%
Vehicle Units	27,950	49,473	21,523	77.0%

THE PORT OF VIRGINIA STATISTICS FY2016

Fiscal Year-to-Date: July - December

	FY15: Jul-Dec	FY16: Jul-Dec	Change	% Change
Total TEUs	1,256,384	1,295,554	39,171	3.1%
Export TEUs	679,716	715,442	35,726	5.3%
Import TEUs	576,668	580,113	3,445	0.6%
Total Containers	723,384	735,487	12,103	1.7%
General Cargo Tonnage	9,441,941	9,692,271	250,330	2.7%
Container Tonnage	9,302,096	9,550,312	248,216	2.7%
Breakbulk Tonnage	139,845	141,959	2,114	1.5%
Total Rail Containers	226,814	244,997	18,183	8.0%
VIP Containers	19,044	20,238	1,194	6.3%
Total Barge Containers	31,476	23,576	(7,900)	-25.1%
Total Truck Containers	465,094	466,914	1,820	0.4%
Ship Calls	1,016	1,024	8	0.8%
Vehicle Units	8,894	21,574	12,680	142.6%

NIT NORTH GATE/OPTIMIZATION





MILESTONES

- Finished Installation of Temporary Security Fence
- Erosion and Sediment Control implementation:
 - Began constructing silt fence on sediment pond
 - Began creation of temporary sediment ponds
- Past POV Gate:
 - Booth removed
 - Canopy demolition to begin this week
- Clark Nexsen to survey T-9 lot this month
- Reviewing communication grid
- Began installation of trench drain drop inlets for the expanded yard area
- Project remains on schedule/budget

3rd STREET RAIL PORTAL





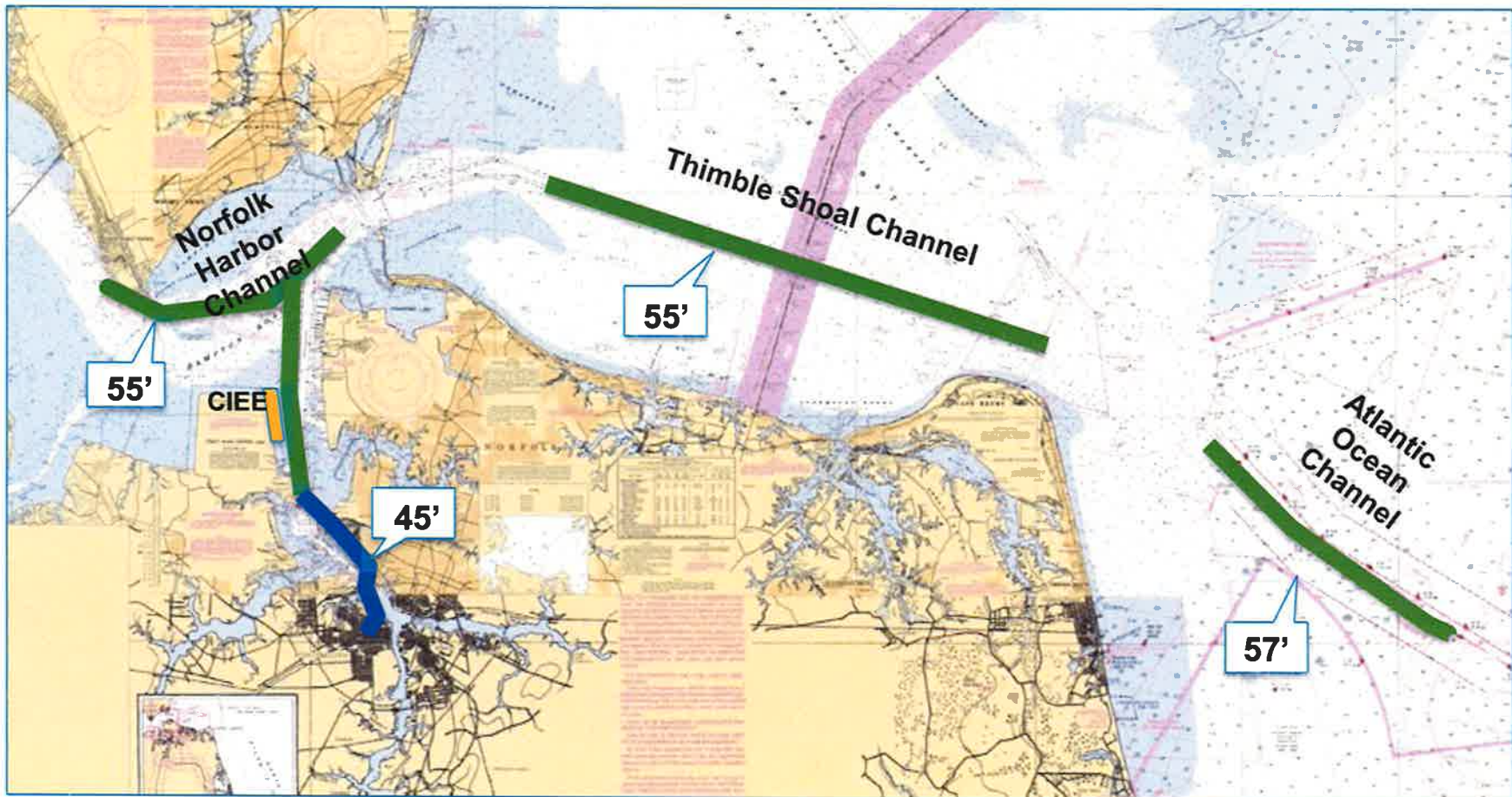
MILESTONES

- Static scales have been removed
- Paving either side of portal 95% complete
- Speed indicator installed to increase accuracy of weigh-in-motion scales
- Automated rail software running on N4 test system
- Software testing in progress
- Go-Live goal: Week of February 1, 2016
- Project remains on schedule/budget

NEXT MAJOR MILESTONES

Major Milestones	Milestone Completion Date
Third Street Rail Portal	February 8, 2016*
Third Street Paving and Striping	December 15, 2015
Operation Specification	April 1, 2016
Order ASCs	June 1, 2016
Order STS Cranes	TBD
Baker Street POV Gate	July 1, 2016
North Yard Expansion	July 30, 2016
North Gate Software Development	August 1, 2016
North Gate IT Hardware Installation	October 16, 2016
North Gate Complex Construction	October 24, 2016
North Gate Hardware Commissioning and Testing	November 15, 2016
North Gate Open for 1 st Commercial Container	December 21, 2016
South Terminal ASC Conversion	June 19, 2019

45/55 FT GRR



PRE-MILESTONE CHECK-IN SCHEDULE

Feasibility Study Milestone	Pre-Milestone Check-in	Milestone Date
Pre-Alternatives Milestone Interim Progress Review	27/29 October 2015	28 October 2015
Alternatives Milestone	16 November 2015	06 December 2015
Interim Check Point	Mid-April 2016	15 July 2016
Pre-Tentatively Selected Plan (TSP) Milestone Vertical Team Alignment	30 June 2016	15 July 2016
Tentatively Selected Plan Milestone	06 November 2016	06 Dec 2016
Interim Check Point	Mid-March 2017	01 Jun 2017
Agency Decision Milestone	01 May 2017	01 Jun 2017
Division Engineer Transmittal	14 July 2017	14 Aug 2017
Civil Works Review Board	01 August 2017	14 Sep 2017
Prepare FONSI	15 November 2018	07 January 2018
Interim Check Point	Late February 2018	17 May 2018
30-Day State and Agency Review Start	17 May 2018	17 June 2018
Chief's Report	11 August 2018	25 September 2018

MAINTENANCE DREDGING

The Port of Virginia

Maintenance Dredging Schedule

Activity	TIMEFRAME											
	January	February	March	April	May	June	July	August	September	October	November	December
Hydrographic Survey	■	■										
Decision Points/Dredge v. No Action		■	■	■								
Identification of Available Funds			■	■	■							
Entry in Budget Cycle			■	■	■							
Budget Approval					■							
USACE/RFP Cycle									■	■		
Dredging Cycle - James River	■	■									■	■
Dredging Cycle - Norfolk Harbor	■	■	■	■	■	■	■	■	■	■	■	■