PRELIMINARY OFFICIAL STATEMENT DATED __________, 2016

Draft: 9-14-2016

NEW ISSUE - FULL BOOK-ENTRY

Ratings: **See "RATINGS" herein**

*Interest on the Series 2016A Bonds is **included** in the gross income of owners of the Series 2016A Bonds for federal income tax purposes. In the opinion of Bond Counsel, and subject to the conditions described in "**TAX MATTERS**," interest on the Series 2016B Bonds (a) is excludable from the gross income of owners of the Series 2016B Bonds for federal income tax purposes and (b) is a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2016B Bonds may be included in the calculation of a corporation's federal alternative minimum tax and may be subject to other federal income tax consequences as described in "**TAX MATTERS**." In the opinion of Bond Counsel, the Series 2016 Bonds, their transfer and the income therefrom, including any profit made on the sale thereof, are exempt from taxation by the Commonwealth of Virginia and by any municipality, county, or other political subdivision thereof.*

VIRGINIA PORT AUTHORITY

$__________
PORT FACILITIES REVENUE REFUNDING BONDS
SERIES 2016A
(TAXABLE)

$__________
PORT FACILITIES REVENUE REFUNDING BONDS
SERIES 2016B
(AMT)

Dated: Date of Delivery

Due: July 1, as shown on the inside cover

This Official Statement has been prepared by the Virginia Port Authority ("VPA" or the "Authority") to provide information on the above captioned Port Facilities Revenue Refunding Bonds, Series 2016A (Taxable) (the "Series 2016A Bonds") and Port Facilities Revenue Refunding Bonds, Series 2016B (AMT) (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Series 2016 Bonds"). Selected information is presented on this cover page for the convenience of the user. To make informed decisions regarding the Series 2016 Bonds, prospective investors should read this Official Statement in its entirety.

Security:	The Series 2016 Bonds will be payable from the Net Revenue (as defined herein), subject and subordinate to the prior payment therefrom of the Senior Obligations (as defined herein), of the Authority derived from the Port Facilities (as defined herein) and deposited to the Debt Service Fund established under the Resolution (as defined herein) and the other security described in the Resolution. Neither the Commonwealth of Virginia (the "Commonwealth") nor the Authority is obligated to pay the principal of or the premium, if any, or interest on the Series 2016 Bonds or other costs incident thereto, except from the revenues and moneys pledged therefor under the Resolution. **The Series 2016 Bonds shall not be deemed to constitute a debt of the Commonwealth or of any political subdivision thereof, other than the Authority, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of the Series 2016 Bonds and the premium, if any, and the interest thereon or other costs incident thereto. *The Authority has no taxing power*.**
Redemption	See "**DESCRIPTION OF THE SERIES 2016 BONDS - Redemption**" herein.
Issued pursuant to	Resolution 16-9 of the Authority adopted on September __, 2016 (the "Bond Resolution"), as supplemented by Resolution 16-10 dated September __, 2016 (the "2016 Series Resolution").
Purpose	Proceeds of the Series 2016 Bonds will be used, together with other available funds, to (a) refund and defease all of the outstanding principal amount of the Authority's Port Facilities Revenue Refunding Bonds, including the Series 2010 Bonds (the "Series 2010 Bonds"), [Series 2013 Bonds (the "Series 2013 Bonds"),] Series 2015A Bonds (the "Series 2015A Bonds") and Series 2015B Bonds (the "Series 2015B Bonds"); (b) terminate the Authority's outstanding capital equipment lease obligations (the "Equipment Lease Obligations," and together with the Series 2010 Bonds, [the Series 2013 Bonds,] the Series 2015A Bonds and the Series 2015B Bonds, collectively the "Refunded Obligations"); (c) fund certain Debt Service Reserve Accounts created pursuant to the 2016 Series Resolution; and (d) pay all or a portion of the expenses incurred with respect to the issuance of the Series 2016 Bonds and the refunding of the Refunded Obligations.
Interest Payment Dates	January 1 and July 1, commencing January 1, 2017.
Denomination	$5,000 or integral multiples thereof.
Closing/Delivery Date	On or about __________, 2016.
Registration	Book-entry only: The Depository Trust Company. See **Appendix F - "DTC BOOK-ENTRY ONLY SYSTEM."**
Trustee	Wells Fargo Bank, National Association.
Financial Advisor	Public Financial Management, Inc., Arlington, Virginia.
Bond Counsel	Williams Mullen, P.C., Virginia Beach, Virginia.
Issuer Contact	Executive Director of the Virginia Port Authority: (757) 683-8000.

The Series 2016 Bonds are offered, when, as and if issued by the Authority, subject to the approval of legality by Williams Mullen, P.C., Bond Counsel. Certain legal matters will be passed upon for the Underwriters by Christian & Barton, L.L.P., and for the Authority by the Office of the Attorney General of the Commonwealth of Virginia.

Morgan Stanley
(book running manager for Series 2016A Bonds)

BofA Merrill Lynch
(book running manager for Series 2016B Bonds)

Raymond James

Siebert Cisneros Shank & Co., L.L.C.

Dated: __________, 2016

VIRGINIA PORT AUTHORITY

$_____
PORT FACILITIES REVENUE REFUNDING BONDS
SERIES 2016A (TAXABLE)

Maturity (July 1)	Amount	Interest Rate	Initial Yield	Price	CUSIP**

$_____
PORT FACILITIES REVENUE REFUNDING BONDS
SERIES 2016B (AMT)

Maturity (July 1)	Amount	Interest Rate	Initial Yield	Price	CUSIP**

** Copyright, American Bankers Association. CUSIP numbers have been assigned by an organization not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2016 Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2016 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Series 2016 Bonds due to various subsequent actions, including but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of Series 2016 Bonds.

SECRETARY OF TRANSPORTATION
Aubrey L. Layne, Jr.

VIRGINIA PORT AUTHORITY
BOARD OF COMMISSIONERS

John G. Milliken, Chairman
John N. Pullen, Vice Chairman

Jennifer D. Aument
J. William Cofer
Alan A. Diamonstein
Gary T. McCollum
Val S. McWhorter

Faith B. Power
Kim Scheeler
Deborah C. Waters
F. Blair Wimbush

Daniel C. Gundersen, Chief Executive Officer, Virginia Economic Development Partnership
Manju S. Ganeriwala, State Treasurer

SENIOR STAFF

Chief Executive Officer and Executive Director
John F. Reinhart

Chief Financial Officer and Treasurer to the Board
Rodney W. Oliver

Clerk and Secretary to the Board
Debra J. McNulty

Deputy Clerk and Assistant Secretary to the Board
Jodie L. Asbell

CONSULTING ENGINEER
Moffatt and Nichol
Norfolk, Virginia

TRUSTEE
Wells Fargo Bank, National Association
Columbia, Maryland

FINANCIAL ADVISOR
Public Financial Management, Inc.
Arlington, Virginia

BOND COUNSEL
Williams Mullen, P.C.
Virginia Beach, Virginia

[Insert Map]

THE PRICES AT WHICH THE SERIES 2016 BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES AND YIELDS APPEARING ON THE INSIDE FRONT COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. FURTHERMORE, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICES OF THE SERIES 2016 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET IN ORDER TO FACILITATE THEIR DISTRIBUTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Certain statements contained in this Official Statement, including the Appendices hereto, reflect not historical facts but forecasts, projections and "forward-looking statements." No assurance can be given that the future results discussed in certain sections of this Official Statement will be achieved and actual results may differ materially from the forecasts and projections contained herein. In this respect, words such as "plan," "expect," "estimate," "project," "anticipate," "intend," "believe," "budget" or words of similar import are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. See "**FORWARD-LOOKING STATEMENTS**."

The Underwriters have provided the following sentence for inclusion in this Official Statement:

> The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

No dealer, broker, salesman or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of, the Series 2016 Bonds in any state in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority, Virginia International Terminals, LLC and other sources that are believed to be reliable, but the Underwriters do not guarantee the accuracy or completeness of the information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or Virginia International Terminals, LLC since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN REVIEW OF THE TERMS OF THE SERIES 2016 BONDS, THE OFFERING THEREOF AND THE SECURITY THEREFORE, INCLUDING BUT NOT LIMITED TO THE COLLECTION OF NET REVENUE AS THE PRINCIPAL SOURCE OF PAYMENT OF THE SERIES 2016 BONDS, AND THE MERITS AND RISKS INVOLVED IN A DECISION TO PURCHASE SERIES 2016 BONDS. THE SERIES 2016 BONDS HAVE NOT BEEN APPROVED, DISAPPROVED OR RECOMMENDED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHER, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Series 2016 Bonds are exempt from registration under the Securities Act of 1933, as amended, and are also exempt from registration under the securities laws of the Commonwealth of Virginia.

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[To Be Updated]

OFFICIAL STATEMENT

VIRGINIA PORT AUTHORITY

$_____	**$_____**
PORT FACILITIES REVENUE REFUNDING BONDS SERIES 2016A (TAXABLE)	**PORT FACILITIES REVENUE REFUNDING BONDS SERIES 2016B (AMT)**

INTRODUCTORY STATEMENT

The purpose of this Official Statement, which includes the cover page and the appendices hereto, is to provide information in connection with the offer and sale by the Virginia Port Authority (the "Authority" or "VPA"), a body corporate and a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), of its $_____ Port Facilities Revenue Refunding Bonds, Series 2016A (Taxable) (the "Series 2016A Bonds") and $_____ Port Facilities Revenue Refunding Bonds, Series 2016B (AMT) (the "Series 2016B Bonds," and together with the Series 2016A Bonds, the "Series 2016 Bonds"). The Series 2016 Bonds will be issued pursuant to Section 62.1-128 *et seq*. of the Code of Virginia of 1950, as amended (the "Act"), Resolution 16-9 adopted by the Board of Commissioners of the Authority (the "Board") on September __, 2016 (the "Bond Resolution"), as supplemented by Resolution 16-10 adopted by the Board on September __, 2016 (the "2016 Series Resolution"), and a series certificate delivered by the Executive Director of the Authority at closing on the Series 2016 Bonds (collectively, the "Resolution"). Each series of the Series 2016 Bonds constitutes a Series of Bonds under, and as defined in, the Bond Resolution. See "**SECURITY FOR THE SERIES 2016 BONDS**."

Terms not defined in this Official Statement shall have the meanings assigned by the Bond Resolution and are summarized in **Appendix C** hereto.

Plan of Refunding

The Authority will use the proceeds of the Series 2016 Bonds, together with other available funds, (i) to refund and defease all of the outstanding principal amount of the Authority's Port Facilities Revenue Refunding Bonds, consisting of the Series 2010 Bonds, [Series 2013 Bonds,] Series 2015A Bonds and Series 2015B Bonds (collectively, the "Refunded Bonds"), (ii) terminate the Equipment Lease Obligations not retired or terminated from Available Funds of the Authority (together with the Series 2010 Bonds, [Series 2013 Bonds,] Series 2015A Bonds and Series 2015B Bonds, the "Refunded Obligations"), (iii) fund certain Debt Service Reserve Accounts created pursuant to the 2016 Series Resolution, and (iv) pay all or a portion of the expenses incurred with respect to the issuance of the Series 2016 Bonds and the refunding of the Refunded Obligations. See "**PLAN OF REFUNDING**" and "**SOURCES AND USES OF FUNDS**." The Refunded Obligations were issued under the Resolution No. 97-5 adopted by the Authority on May 27, 1997, as supplemented and amended (the "1997 Resolution"), which 1997 Resolution and the estate pledged thereunder shall cease, terminate and become void upon the issuance of the Series 2016 Bonds.

VIG Terminal Expansion

The Authority has entered into an Amended and Restated Deed of Facilities Lease Agreement, dated as of September __, 2016 (the "VIG Lease") with Virginia International Gateway, Inc., a Virginia corporation (formerly APM Terminals Virginia, Inc.) ("VIG"), and certain other documents in order to facilitate the development and financing of an expansion (the "VIG Terminal Expansion") to the Virginia International Gateway marine terminal facility located in Portsmouth, Virginia (the "VIG Terminal") and extend the term of the Original Lease (defined below) until December 31, 2065. [redacted]

Security

As security for the Series 2016 Bonds, the Authority has pledged to their payment pursuant to the Bond Resolution the Net Revenue (defined below) deposited to the Debt Service Account (the "Debt Service Account") in the Debt Service Fund (the "Debt Service Fund") established under the Bond Resolution and held by Wells Fargo Bank, National Association, as Trustee. See "**SECURITY FOR THE SERIES 2016 BONDS - Flow of Funds Pursuant to the Bond Resolution**." The Series 2016 Bonds are payable from the Net Revenue of the Authority derived from its Port Facilities, after reservation by the Authority of sufficient funds therefrom for payment by the Authority of the Senior Obligations. Payments of the Senior Obligations are senior to payments of debt service on the Series 2016 Bonds. The Series 2016 Bonds are payable on a parity with any Parity Indebtedness or other Series of Additional Bonds subsequently issued.

Virginia International Terminals, LLC ("VIT"), a Virginia limited liability company, the sole member of which is the Authority, operates the Authority's three marine terminals located on the harbor of Hampton Roads, Virginia (such harbor and the surrounding region and all port facilities located thereon or therein, including port facilities not owned by the Authority, are hereafter referred to as, the "Port of Virginia") and one intermodal facility located in Front Royal, Virginia known as the Virginia Inland Port ("VIP"). The three marine terminals include Norfolk International Terminals, Norfolk, Virginia ("NIT"), the Newport News Marine Terminal, Newport News, Virginia ("NNMT"), and Portsmouth Marine Terminal, Portsmouth, Virginia ("PMT"). VIT also operates the VIG Terminal (together with NIT, NNMT and PMT, the "Terminals"), which the Authority leases pursuant to the terms of the VIG Lease. The terms and conditions of monthly payments from VIT and its Subsidiaries of operational net revenue to the Authority are governed by a Payment Agreement to be executed and delivered at closing on the Series 2016 Bonds (the "Payment Agreement"), between the Authority and VIT, as required by the Bond Resolution.

The Authority also leases the Richmond Marine Terminal ("RMT") under a lease agreement with the City of Richmond, Virginia. The Authority currently operates RMT through a third party arrangement, and hence RMT is not, as of this date, a "Port Facility" under the Payment Agreement. Effective November 1, 2016, VIT will commence operations of RMT as a Port Facility under the Payment Agreement. The Terminals, RMT and VIP are collectively referred to herein as the "Port Facilities." See "**PORT FACILITIES AND OPERATIONS - The Harbor**" and "**- Terminals and Intermodal Facilities**," below.

The Authority has agreed in the Bond Resolution that it will cause VIT, its Subsidiaries and any future Port Operator (as defined in the Bond Resolution) to make monthly transfers to the Authority of certain moneys derived from their operations of the Port Facilities. VIT has agreed in the Payment Agreement to pay to the Authority on a monthly basis its Net Revenue (as defined in the Payment Agreement) derived from the operation of the Port Facilities for the immediately preceding Measurement Period. "Measurement Period" means the monthly period starting on the first calendar day of each month and ending on the last calendar day of the same month. VIT has further agreed to cause its current and future Subsidiaries (as defined in the Payment Agreement), including HRCP II, L.L.C., a Virginia limited liability company ("HRCP II"), to pay to VIT on a monthly basis its applicable Subsidiary Net Revenue (as defined below) for payment to the Authority. See "**SECURITY FOR THE SERIES 2016 BONDS**."

To secure the Series 2016 Bonds and any other Additional Bonds or Parity Indebtedness, the Authority has pledged to the Trustee the Authority's Net Revenue, subject and subordinate to the prior payment therefrom of the Senior Obligations. Net Revenue of the Authority is, for any period, Gross Revenues received by the Authority during such period, less (1) the Current Expenses of the Authority during such period, and less (2) the Authority Liquidity Reserve Requirement Restoration Amount, if any, for such period. The Authority will make monthly deposits of Net Revenue to the Debt Service Account, if any is established for a given series of bonds, as required by the Resolution to pay debt service on the Series 2016 Bonds. The Series 2016 Bonds will also be secured by moneys and securities held in the Debt Service Reserve Accounts and the other funds and accounts established under the Resolution and held by the Trustee and Depositaries. The Net Revenue, together with 25% of amounts, if any, on deposit in the Revenue Stabilization Fund, if in existence, and Port Operator Capital Expenditures are collectively referred to herein as "Aggregate Net Revenue." See "**SECURITY FOR THE SERIES 2016 BONDS - Flow of Funds Pursuant to the Bond Resolution**." The Series 2016 Bonds are not a debt of the Commonwealth. See "**SECURITY FOR THE SERIES 2016 BONDS**."

Additional Bonds and Parity Indebtedness

Under the Bond Resolution, the Authority may issue additional Series of Bonds ("Additional Bonds") and incur Parity Indebtedness to complete existing projects or to fund additional projects and to refund all or a portion of any Bonds Outstanding under the Bond Resolution or any Parity Indebtedness. Preconditions to the issuance of Additional Bonds and incurrence of Parity Indebtedness generally include compliance with the debt service coverage test contained in the Bond Resolution. See "**SECURITY FOR THE SERIES 2016 BONDS - Other Indebtedness**." The Series 2016 Bonds, together with any other Additional Bonds hereafter issued, are herein collectively called the "Bonds."

Consulting Engineer's Report

The Authority's Consulting Engineer, Moffatt and Nichol, Norfolk, Virginia (the "Consulting Engineer"), has prepared a report dated __________, 2016 which describes, among other things, the Authority's forecasted revenues and expenses and planned capital improvements through Fiscal Year 2030. A copy of the Consulting Engineer's report is included in its entirety as **Appendix B** to this Official Statement. See "**REPORT OF THE CONSULTING ENGINEER**."

Miscellaneous

Copies of the Bond Resolution and the 2016 Series Resolution may be obtained at the expense of the requesting person from the corporate trust office of the Trustee, Columbia, Maryland.

The description and summaries of documents contained herein do not purport to be comprehensive, and reference is made to the full text of such documents for the complete details of their terms and conditions. Terms not defined in this Official Statement shall have the meanings assigned by the Bond Resolution and are summarized in **Appendix C** hereto. All statements are qualified in their entirety by reference to the full text of such document.

PLAN OF REFUNDING

The Authority will use the net proceeds of the Series 2016 Bonds and other available amounts to refund the Refunded Obligations, as set forth in the following charts.

Refunded Obligations

Virginia Port Authority
Port Facilities Revenue Refunding Bonds, Series 2010

Year of Maturity (July 1)	Interest Rate	Principal Amount	Redemption Date	Redemption Price	CUSIP Number
2017	5.000%	$1,575,000	July 1, 2017	100%	928077GJ9
2018	3.375	1,655,000	July 1, 2018	100	928077GK6
2019	5.000	1,710,000	July 1, 2019	100	928077GL4
2020	4.000	1,795,000	July 1, 2019	100	928077GM2
2021	5.000	1,865,000	July 1, 2019	100	928077GQ3
2022	5.000	1,960,000	July 1, 2019	100	928077GR1
2023	4.000	2,060,000	July 1, 2019	100	928077GS9
2024	4.125	265,000	July 1, 2019	100	928077GT7
2024	5.000	1,875,000	July 1, 2019	100	928077GV2
2025	4.125	2,245,000	July 1, 2019	100	928077GU4
2030	5.000	8,750,000	July 1, 2019	100	928077GW0
2030	4.500	4,125,000	July 1, 2019	100	928077GP5
2040	5.000	37,235,000	July 1, 2019	100	928077GN0

[Virginia Port Authority
Port Facilities Revenue Refunding Bonds, Series 2013

Year of Maturity (July 1)	Interest Rate	Principal Amount	Redemption Date	Redemption Price	CUSIP Number
2017	3.090%	$2,135,000	11/12016	119.49%	N/A
2018	3.090	2,200,000	11/12016	119.49	N/A
2019	3.090	2,275,000	11/12016	119.49	N/A
2020	3.090	2,340,000	11/12016	119.49	N/A
2021	3.090	2,415,000	11/12016	119.49	N/A
2022	3.090	2,490,000	11/12016	119.49	N/A
2023	3.090	2,565,000	11/12016	119.49	N/A
2024	3.090	2,645,000	11/12016	119.49	N/A
2025	3.090	2,725,000	11/12016	119.49	N/A
2026	3.090	2,805,000	11/12016	119.49	N/A
2027	3.090	2,900,000	11/12016	119.49	N/A
2028	3.090	9,840,000	11/12016	119.49	N/A]

Virginia Port Authority
Port Facilities Revenue Refunding Bonds, Series 2015A

Year of Maturity (July 1)	Interest Rate	Principal Amount	Redemption Date	Redemption Price	CUSIP Number
2029	5.000%	$8,915,000	July 1, 2025	100%	928077GX8
2030	5.000	9,360,000	July 1, 2025	100	928077GY6
2031	5.000	9,825,000	July 1, 2025	100	928077GZ3
2032	5.000	10,320,000	July 1, 2025	100	928077HA7
2033	5.000	10,835,000	July 1, 2025	100	928077HB5
2034	5.000	11,380,000	July 1, 2025	100	928077HC3
2035	5.000	11,950,000	July 1, 2025	100	928077HD1
2036	5.000	12,545,000	July 1, 2025	100	928077HE9

Virginia Port Authority
Port Facilities Revenue Refunding Bonds, Series 2015B

Year of Maturity (July 1)	Interest Rate	Principal Amount	Redemption Date	Redemption Price	CUSIP Number
2017	1.119%	$4,545,000	December 6, 2016	106.68%	928077HG4
2018	1.662	4,605,000	December 6, 2016	106.68	928077HH2
2019	2.098	4,675,000	December 6, 2016	106.68	928077HJ8
2020	2.348	4,775,000	December 6, 2016	106.68	928077HK5
2021	2.628	4,885,000	December 6, 2016	106.68	928077HL3
2022	2.828	5,020,000	December 6, 2016	106.68	928077HM1
2023	2.965	5,155,000	December 6, 2016	106.68	928077HN9
2024	3.115	5,305,000	December 6, 2016	106.68	928077HP4
2025	3.215	5,470,000	December 6, 2016	106.68	928077HQ2
2026	3.365	5,655,000	December 6, 2016	106.68	928077HR0
2027	3.515	5,835,000	December 6, 2016	106.68	928077HS8

Virginia Port Authority
Master Equipment Lease Obligations

Maturity Date	Interest Rate	Principal Amount	Redemption Date	Redemption Price	CUSIP Number
January 1, 2017	1.680%	$82,838	November 1, 2016	100%	N/A
July 1, 2017	1.680	83,533	November 1, 2016	100	N/A
January 1, 2018	1.680	84,235	November 1, 2016	100	N/A
January 1, 2017	1.680	383,595	November 1, 2016	100	N/A
July 1, 2017	1.680	386,817	November 1, 2016	100	N/A
January 1, 2018	1.680	390,067	November 1, 2016	100	N/A
March 1, 2017	2.300	434,193	March 1, 2017	100	N/A
September 1, 2017	2.300	439,186	March 1, 2017	100	N/A
March 1, 2018	2.300	444,236	March 1, 2017	100	N/A
September 1, 2018	2.300	449,345	March 1, 2017	100	N/A
March 1, 2019	2.300	454,513	March 1, 2017	100	N/A
March 1, 2017	2.300	345,871	March 1, 2017	100	N/A
September 1, 2017	2.300	349,849	March 1, 2017	100	N/A
March 1, 2018	2.300	353,872	March 1, 2017	100	N/A
September 1, 2018	2.300	357,942	March 1, 2017	100	N/A
March 1, 2019	2.300	362,058	March 1, 2017	100	N/A
January 1, 2017	1.680	1,451,270	November 1, 2016	100	N/A
July 1, 2017	1.680	1,463,461	November 1, 2016	100	N/A
January 1, 2018	1.680	1,475,754	November 1, 2016	100	N/A
July 1, 2018	1.680	1,488,150	November 1, 2016	100	N/A
January 1, 2017	2.330	465,868	January 1, 2017	100	N/A
July 1, 2017	2.330	471,295	January 1, 2017	100	N/A
January 1, 2018	2.330	476,786	January 1, 2017	100	N/A
July 1, 2018	2.330	482,340	January 1, 2017	100	N/A
January 1, 2019	2.330	487,959	January 1, 2017	100	N/A
September 1, 2017	2.330	493,644	January 1, 2017	100	N/A

The Authority issued the Refunded Obligations to finance or refinance various improvements and upgrades to the Port Facilities, fund the applicable deposit to the Debt Service Reserve Account pursuant to the 1997 Resolution and pay the expenses incurred in connection with the issuance of the Refunded Obligations.

A sufficient amount of the proceeds of the Series 2016 Bonds, and other available funds, will be deposited in the escrow funds (the “Escrow Funds”) established by the Authority with U.S. Bank National Association, as escrow agent, and will be invested in United States Treasury obligations that mature in amounts and pay interest at rates sufficient to pay, when due, all of the outstanding principal, redemption premium, and interest on the Refunded Obligations. As a result of the deposits to the Escrow Funds described above and such irrevocable instructions, the Refunded Obligations will be deemed paid and deemed no longer Outstanding for purposes of the 1997 Resolution. At such time, the 1997 Resolution by its terms shall cease, terminate and become void.

The Arbitrage Group Inc. will verify the accuracy of the mathematical computations demonstrating the adequacy of the maturing principal of and interest on the Defeasance Obligations in the Escrow Funds to pay, when due, the principal of and interest on the Refunded Obligations at maturity and making other findings as may be required by the 1997 Resolution.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the issuance of the Series 2016 Bonds are summarized below:

	Series 2016A	Series 2016B	Total
Sources of Funds:			
Principal of the Series 2016 Bonds - [Plus][Minus] [Net] Original Issue [Premium][Discount]			
Authority Current Expenses Reserve Release			
Authority Debt Service Account Release			
Authority Debt Service Reserve Account Release (bond proceeds portion)			
Authority Debt Service Reserve Account Release (equity portion)			
VIT Current Expenses Reserve Release			
VIT Capital and Extraordinary Maintenance Account Release			
Total			
Uses of Funds:			
Deposits to Escrow Funds for Refunded Bonds			
Termination of Equipment Lease Obligations			
Deposit to Authority Operating Account (Authority Liquidity Reserve Requirement)			
Deposit to VIT Operating Account (VIT Liquidity Reserve Requirement)			
Deposit to Series 2016 Debt Service Reserve Accounts			
Deposit to Revenue Stabilization Fund			
Issuance Expenses, including Underwriters' Discount			
Total			

DESCRIPTION OF THE SERIES 2016 BONDS

General

The Series 2016 Bonds will be dated the date of delivery and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page hereof. Interest will be payable semiannually on each January 1 and July 1, commencing January 1, 2017. Principal of and premium, if any, and interest on the Series 2016 Bonds will be payable in the manner described in **Appendix F - "DTC BOOK-ENTRY ONLY SYSTEM**." The Series 2016 Bonds are subject to redemption prior to maturity as described below under "Redemption."

Optional Redemption

The Series 2016A Bonds maturing on or after July 1, 20__ may be redeemed, at the option of the Authority, from any moneys that may be made available for such purpose, other than moneys set aside in respect of an Amortization Requirement, either in whole or in part, as determined by the Authority, on any date, not earlier than July 1, 20__, at a redemption price of 100% of the principal amount of the Series 2016A Bonds to be redeemed, together with the interest accrued thereon to the date fixed for redemption.

[Series 2016B Bonds optional redemption provisions to come]

Notice of Redemption

At least thirty (30) days prior to any redemption, notice thereof will be mailed to DTC or, if the book-entry only system is discontinued, to the registered owners of the Series 2016 Bonds to be redeemed. If less than all of the Series 2016 Bonds of a particular maturity of a series are called for redemption, the particular Series 2016 Bonds or portions thereof to be redeemed will be selected by the Authority by such method as it in its sole discretion deems fair and appropriate. Any defect in such notice or the failure so to mail any such notice to DTC in respect of, or to the registered owner of, as appropriate, any Series 2016 Bond will not affect the validity of the proceedings for the redemption of any other Series 2016 Bonds.

The Authority may give or cause to be given notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, such Series 2016 Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption, and principal will continue to be payable as scheduled. On presentation and surrender of the Series 2016 Bonds called for redemption at the place or places of payment, such Series 2016 Bonds shall be paid and redeemed. Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of moneys sufficient to pay the redemption price of such Series 2016 Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs.

SECURITY FOR THE SERIES 2016 BONDS

Series 2016 Bonds Not Debt of the Commonwealth

The Series 2016 Bonds shall not be deemed to constitute a debt of the Commonwealth or of any political subdivision thereof, other than the Authority, and neither the faith and credit nor the taxing power of the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of the Series 2016 Bonds and the premium, if any, and the interest thereon or other costs incident thereto. Neither the Commonwealth nor any political subdivision thereof, including the Authority, is obligated to pay the principal of or the premium, if any, or interest on the Series 2016 Bonds or other costs incident thereto except from the revenues and moneys pledged for this purpose under the Resolution, as described in this section. ***The Authority has no taxing power*.**

ALL FUNDS TO BE USED FOR PAYMENT OF THE BONDS, INCLUDING WITHOUT LIMITATION THE GROSS REVENUES OF THE AUTHORITY, ARE SUBJECT TO THE PRIOR APPROPRIATION OF SUCH FUNDS FOR THAT PURPOSE BY THE GENERAL ASSEMBLY OF THE COMMONWEALTH. [The Authority is obligated to include the amounts required to pay debt service on the Series 2016 Bonds in its budget requests to the Commonwealth for each Fiscal Year and will notify the Trustee by June 30 of a given Fiscal Year if the General Assembly has failed to appropriate any part of the amounts due under the Series 2016 Bonds during the next Fiscal Year.] However, the General Assembly has never failed to appropriate amounts sufficient to pay debt service when due on any debt obligations of the Authority.

Pledge of Revenues

The Series 2016 Bonds are payable from the Net Revenue of the Authority derived from its Port Facilities, after reservation by the Authority of sufficient funds therefrom for payment by the Authority of the Senior Obligations. Each series of the Series 2016 Bonds will be issued as a Series of Bonds under the Bond Resolution and will be equally and ratably secured thereunder, together with any other Additional Bonds and Parity Indebtedness that the Authority may issue from time to time. Under the Bond Resolution, the Authority has pledged the following as security for the Bondholders: (1) the Authority's Net Revenue, which consist principally of transfers to the Authority from VIT of net revenues derived from operation of the Port Facilities; (2) certain reserves held by the Authority pursuant to the Bond Resolution; and (3) amounts that may from time to time be held in the funds and accounts established under the Resolution, all as more particularly described below in "Flow of Funds Pursuant to the Bond Resolution."

Rate Covenant

The Authority has agreed in the Bond Resolution to fix, charge and collect, or cause to be fixed, charged and collected, by VIT, any Subsidiaries or other Port Operators, rates, fees and charges for the use of and for the services furnished or to be furnished by the Port Facilities that will be sufficient to produce in each Bond Year, (I) 100% of Current Expenses, (II) the greater of (i) Aggregate Net Revenue of the Authority which shall be not less than 110% and (ii) Aggregate Adjusted Net Revenue of the Authority which shall be not less than 125%, in each case, of the Aggregate Principal and Interest Requirements for such Bond Year, and (III) the sum of Net Revenue of the Authority and Port Operator Capital Expenditures which shall not be less than 100% of the sum of the Aggregate Principal and Interest Requirements for such Bond Year plus the amount, if any, by which any Debt Service Reserve Account fails to contain its Reserve Account Requirement.

Under the Bond Resolution, "Net Revenue" shall mean, for any period, Gross Revenues received by the Authority during such period, less (1) the Current Expenses of the Authority during such period, and less (2) the Authority Liquidity Reserve Requirement Restoration Amount, if any, for such period. "Aggregate Net Revenue" shall mean, for any period of time, the sum of (i) Net Revenue, (ii) 25% of the amount of cash and Investment Obligations in the Revenue Stabilization Fund, if in existence, and (iii) Port Operator Capital Expenditures. "Adjusted Net Revenue" shall mean, for any period of time, the Net Revenue of the Authority increased by the (a) amount of those items that are included in Current Expenses and Aggregate Principal and Interest Requirements and are paid or budgeted to be paid by the Authority from sources other than Gross Revenues, such as the Commonwealth Port Fund or Commonwealth general funds, and (b) the Port Operator Capital Expenditures. "Aggregate Adjusted Net Revenue" shall mean, for any period of time, the sum of (I) Adjusted Net Revenue, and (II) 25% of the amount of cash and Investment Obligations in the Revenue Stabilization Fund, if in existence. "Port Operator Capital Expenditures" means the reasonable and necessary current expenditures of extraordinary repair and maintenance, renewal, replacement, acquisition and construction of the Port Facilities incurred by a Port Operator or any Subsidiary which is required to be capitalized under generally accepted accounting principles; provided, however, that Port Operator Capital Expenditures in any Fiscal Year shall not exceed six percent (6%) of the budgeted operating and maintenance expenses for such Port Operator or any Subsidiary.

See **Appendix C - "DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Rate Covenant**." See also "**SECURITY FOR THE SERIES 2016 BONDS - Summary of Authority Outstanding Indebtedness**" for a description of the Commonwealth Port Fund.

Flow of Funds Pursuant to the Bond Resolution

The Bond Resolution provides that the Authority will cause VIT, and VIT has agreed under the Payment Agreement, to transfer to the Authority, on a monthly basis, the Gross Revenues of VIT derived from the operation of the Port Facilities for the immediately preceding Measurement Period, after VIT has made the following transfers (such amount to be transferred by VIT, or any Subsidiary (as such term is defined in the Payment Agreement), as applicable) to the Authority is referred to herein as "VIT Net Revenue"):

(1) to the VIT Operating Account, VIT's Current Expenses during such Measurement Period;

(2) to the VIT Operating Account, as a reserve for VIT's Current Expenses, the VIT Liquidity Reserve Requirement Restoration Amount, if any, during such Measurement Period. The "VIT Liquidity Reserve Requirement Restoration Amount" means an amount that when added to amounts already held in reserve shall make the balance equal to the sum of $1/12^{th}$ of VIT's Current Expenses for the Fiscal Year plus $1/12^{th}$ of VIT's maintenance capital expenses for the Fiscal Year, all as provided in VIT's Annual Budget; provided, however, that any shortfall in such requirement shall be restored (i) on a monthly basis over a period of up to 36 months at the rate of no less than $1/36^{th}$ of the amount of the deficiency, such amount as determined by VIT and approved by the Authority; (ii) by VIT, if approved by the Authority, in full at any time; (iii) if VIT, with the approval of the Authority, determines to recalculate such shortfall with any subsequent shortfall at any time, provided that the recalculation does not exceed the maturity of any shortfall beyond the originally permitted time 36-month period; and (iv) if, upon the adoption of VIT's Annual Budget, the new VIT Liquidity Reserve Requirement is greater than the prior year's VIT Liquidity Reserve Requirement, within the first three VIT Payment Dates of such Fiscal Year, and if such shortfall is not restored in such 3-month period, then it shall be restored in accordance with subsections (i) or (ii) above, beginning on the fourth VIT Payment Date of such Fiscal Year; and

(3) to the VIT Operating Account, the VIT Capital Expenditures, if any, for such Measurement Period. The "VIT Capital Expenditures" means the reasonable and necessary current expenditures of extraordinary repair and maintenance, renewal, replacement, acquisition and construction of the Port Facilities incurred by VIT or any of its Subsidiaries which are required to be capitalized under generally accepted accounting principles; provided, however, that VIT Capital Expenditures in any Fiscal Year shall not exceed six percent (6%) of VIT's budgeted operating and maintenance expenses.

Each of VIT's current and future Subsidiaries, including HRCP II, shall maintain its own applicable Subsidiary Liquidity Reserve Requirement and only distribute to VIT, on a monthly basis, its applicable Subsidiary Net Revenue as calculated above.

The Bond Resolution further requires the Authority to deposit as and when received to the Authority's Operating Account its Gross Revenues, which consist of the transfers from VIT and other Port Operators described above, plus any operating revenues from the Port Facilities the Authority may derive from other sources. Historically, transfers from VIT have represented the principal source of the Authority's Gross Revenues. The Authority's Gross Revenues do not include amounts appropriated by the General Assembly for the Authority's use from sources other than the Authority's operating revenues, such as the Commonwealth's General Fund, Commonwealth Port Fund or Transportation Trust Fund or other funding sources, even if those amounts are in fact used to pay operating expenses. See "**VIRGINIA PORT AUTHORITY - Funding from the Commonwealth**" and "**Other Indebtedness**" below.

Net Revenue consists of the Authority's Gross Revenues for any period after providing for the payment of the Authority's Current Expenses during such period plus the Authority Liquidity Reserve Requirement Restoration Amount, if any, for such period. The "Authority Liquidity Reserve Requirement Restoration Amount" means an amount that when added to amounts already held in reserve shall make the balance equal to an amount not exceeding 1/6th of the Authority's budgeted Current Expenses for the Fiscal Year; provided, however, that any shortfall in such requirement shall be restored (i) on a monthly basis over a period of up to 12 months at the rate of no less than 1/12th of the amount of the deficiency; (ii) by the Authority in full at any time; and (iii) if the Authority determines to recalculate such shortfall to be combined with any subsequent shortfall, at any time, provided that the recalculation does not extend the restoration of any shortfall beyond the original permitted 12-month period.

Net Revenues in the Operating Account are applied by the Authority monthly in the following order:

(1) to the credit of the Senior Obligations Fund held by a Depository an amount sufficient, together with amounts already held in the accounts therein, to equal the next succeeding monthly payment of Senior Obligations;

(2) to the Debt Service Fund held by the Trustee, an amount sufficient, together with amounts already held in the accounts therein, to enable the Trustee to make the deposits to the Debt Service Account and, if established by a Series Resolution, the Debt Service Reserve Account in conformity with the requirements of the Bond Resolution; and

(3) prior to the Deposit Day of the next succeeding month, to the Subordinate Obligations Fund held by a Depository, an amount equal to all amounts required to be paid or accrued for the Authority's Subordinate Obligations.

The balance remaining after making the transfers described in (1) through (3) above may be transferred by the Authority for deposit to the Residual Fund held by a Depository, to be used for any lawful purpose.

If on any Deposit Day after making the required transfer to the Senior Obligations Fund, the amount to the credit of the Senior Obligations Fund shall be less than required to pay the next succeeding monthly payment of Senior Obligations, then (i) the Authority shall send the Trustee a statement setting forth the amount required to be paid in the next succeeding month to pay the Senior Obligations, the amount on deposit in the Senior Obligations Fund, the amount available for transfer from the Residual Fund and the amount, if any, required to be transferred from the Revenue Stabilization Fund, if one is in existence, and (ii) the following transfers shall be made of all or such lesser amount to the credit of such Fund as required to cure the deficiency in the Senior Obligations Fund in the following order: (i) from the Residual Fund by the Authority; and (ii) from the Revenue Stabilization Fund, if in existence, by the Trustee.

If the Trustee receives written notice from VIG that an Event of Default or an Event of Non-Appropriation (as such terms are defined in the VIG Lease) has occurred, and from that date forward until the Trustee receives subsequent written notice from VIG that such Event of Default or Event of Non-Appropriation has been cured, the Trustee shall not accept any payment from the Authority from Net Revenue for deposit to the Debt Service Fund, the Revenue Stabilization Fund or the Debt Service Reserve Account, if any.

Debt Service Reserve Account. Any Series Resolution may provide for the establishment of a Debt Service Reserve Account for any Series of Bonds. For each applicable Series of Bonds, the Debt Service Reserve Account must at all times contain cash, whether derived from Bond proceeds or otherwise, a Reserve Account Credit Facility, Investment Obligations or any combination thereof, in the amount specified in the applicable Series Resolution as the Reserve Account Requirement. If, after making the required transfers to the Debt Service Account from the Residual Fund and any Revenue Stabilization Fund, the amount in the Debt Service Account is still insufficient to pay the principal and interest on all Bonds then due and payable, the Trustee is required to transfer from the Debt Service Reserve Account, if any was established for the applicable Bonds Outstanding, to the Debt Service Account an amount sufficient to make up the deficiency.

The 2016 Series Resolution provides for a Debt Service Reserve Account for each of the Series 2016A Bonds and the Series 2016B Bonds in an amount equal to fifty percent (50%) of the maximum Principal and Interest Requirements for the applicable Bond Year for each series (the "2016 Reserve Account Requirements").

On the date of issuance of the Series 2016 Bonds, any money held in any Debt Service Reserve Account under the 1997 Resolution (the "1997 Debt Service Reserve Accounts") previously funded from the proceeds of the Outstanding Bonds shall be transferred by the bond trustee under the 1997 Resolution (the "1997 Trustee") to the credit of the Series 2016B Debt Service Reserve Account up to the amount of the 2016B Reserve Account Requirement. Any excess money in any 1997 Debt Service Reserve Account previously funded from the proceeds of the Outstanding Bonds remaining after the aforesaid transfer shall be applied as directed by the Executive Director in a series certificate executed and delivered at closing on the Series 2016 Bonds. In lieu of the foregoing transfers, a lesser amount may be used to acquire any instrument permitted by the Bond Resolution to satisfy such Series 2016B Reserve Account Requirement, and the excess amount shall be deposited in accordance with the directions contained in the Executive Director's series certificate executed and delivered at closing on the Series 2016 Bonds.

Revenue Stabilization Fund. The Revenue Stabilization Fund shall be maintained in an amount not to exceed $40,000,000 (the "Revenue Stabilization Fund Cap") until the earlier to occur of (x) the date on which the Trustee shall have received an Officer's Certificate from the Authority, certifying for the three most recent consecutive Fiscal Years of the Authority following the completion date on the VIG Terminal Expansion that Net Revenue has not been less than 125% of the Aggregate Principal and Interest Requirements for each Fiscal Year or (y) the date on which the Series 2016 Bonds are no longer Outstanding, at which time all amounts in the Revenue Stabilization Fund shall be released into the Residual Fund. Deposits may be made to the Revenue Stabilization Fund in an aggregate amount not to exceed the Revenue Stabilization Fund Cap from such sources identified by the Authority, including but not limited to (i) the 1997 Debt Service Reserve Account, VIT's Capital and Extraordinary Maintenance Account (as such term is defined in the former Service Agreement (as defined below) and the Authority's CE Reserve (as such term is defined in the 1997 Resolution) as authorized in the Series Resolution and described in more detail below, and (ii) the Residual Fund pursuant to such other resolutions as may be adopted by the Board from time to time.

Pursuant to the 2016 Series Resolution, any money held in any 1997 Debt Service Reserve Account previously funded with cash of the Authority shall be transferred by the 1997 Trustee to the credit of the VIT Operating Account to meet its VIT Liquidity Reserve Requirement and any excess remaining, if any, to the Revenue Stabilization Fund after using such amounts necessary toward the VIT Liquidity Reserve Requirement.

VIT has agreed in the Payment Agreement to cause the 1997 Trustee under the 1997 Resolution to transfer all amounts then held by the 1997 Trustee in VIT's Capital and Extraordinary Maintenance Account to the Authority, and the Authority has agreed to deposit such amount, if any, as may be required to the VIT Operating Account to meet its VIT Liquidity Reserve Requirement. The Authority has agreed to deposit any excess after satisfying the aforesaid VIT Liquidity Reserve Requirement to its Operating Account to the extent of its VIT Liquidity Reserve Requirement with the balance, if any, to be deposited in the Revenue Stabilization Fund.

Residual Fund. After making the transfers provided for in the Bond Resolution and described above, the Authority may transfer to the Residual Fund any remaining balances therein. The Authority may use, pledge or encumber moneys held in such fund for any lawful purpose of the Authority.

The Authority shall have the right to covenant from time to time with the holders of any Authority obligations for the payment of which the moneys in or from the Residual Fund are pledged to impose additional conditions, limitations and restrictions under which any Additional Bonds may be issued, Parity Indebtedness incurred or refunded, or Subordinate Obligations issued and incurred under the Bond Resolution.

VIRGINIA PORT AUTHORITY
Monthly Flow of Funds under the Bond Resolution*

Virginia Port Authority
Monthly Flow of Funds

Key:

(T) Held by Trustee
(D) Held by Depositary

VIT Gross Revenues

VIT Operating Account (Section 4.1 (a) of Payment Agreement) (D)
VIT Current Expenses for prior month
+
VIT Liquidity Reserve
(defined as 1/12th of budgeted VIT Current Expenses for Fiscal Year plus 1/12th of VIT's capital budget for current Fiscal Year)

↓

VIT Transfers to VPA its Net Revenues no Later Than 20th Calendar Day of Each Month (Section 4.1 (b) of Payment Agreement)

↓

VPA OPERATING ACCOUNT (Deposited Monthly on each Deposit Day (Section 504 of Resolution) (D)
VPA Current Expenses (budgeted for current month)
+
VPA Liquidity Reserve Requirement(defined as 1/6th of VPA's Current Expenses budgeted for Fiscal Year)

↓

VPA Net Revenues

SENIOR OBLIGATIONS FUND (Deposited Monthly on Deposit Day per Section 504 (a) (1) of Resolution) (D)

↓

VPA DEBT SERVICE FUND (Deposited Monthly on each Deposit Day per Section 504 (a) (2) of Resolution) (T)

Debt Service Account (Section 506 of Resolution)
1/6th of Interest Requirement for Fiscal Year
+
1/12th of Principal Requirement for Fiscal Year

Debt Service Reserve Account (Section 508 of Resolution)
Reserve Account Requirement (defined in each Series Resolution)

↓

VPA SUBORDINATE OBLIGATIONS FUND (Deposited on each Deposit Day per Section 510 of Resolution) (D)
Amount required by applicable subordinate debt instruments.

↓

VPA REVENUE STABILIZATION FUND (T)
Amount required by a Series Resolution, if any. Initial requirement set at $_____, funded by the reserve releases from the 1997 Resolution.

↓

VPA RESIDUAL FUND (D)
The balance of any remaining Net Revenues. Amounts in this Fund may be used for any lawful purpose.

Senior Obligations

The Authority has agreed in the Bond Resolution that it will not incur any Indebtedness, other than the Senior Obligations, which are secured by any lien on Gross Revenues prior to or superior to the lien in favor of the Bonds. The Authority shall not enter into any amendment of the VIG Terminal Expansion Documents that increases the amount of the Senior Obligations secured by and payable from Gross Revenues other than those permitted under the Construction Authority Agreement (defined below) prior to completion of construction of the VIG Terminal Expansion and pursuant to the CPI Index (defined below) escalator of the VIG Lease.

Additional Bonds

The Authority may issue Additional Bonds in addition to the Bonds currently Outstanding to pay the cost of (a) completing any Project previously financed under the Bond Resolution, and (b) any additional Project; provided that, among other things:

(x) the sum of Net Revenue and Port Operator Capital Expenditures and the sum of Adjusted Net Revenue and Port Operator Capital Expenditures during the Fiscal Year next preceding the issuance of such Additional Bonds are not less than 110% and 125%, respectively, of the maximum Aggregate Principal and Interest Requirements for any subsequent Fiscal Year for all Bonds then outstanding and the Additional Bonds then being issued; or

(y) (i) the sum of Net Revenue and Port Operator Capital Expenditures and the sum of Adjusted Net Revenue and Port Operator Capital Expenditures for the Fiscal Year in which such Additional Bonds are to be issued, and each Fiscal Year thereafter to and including the fifth complete Fiscal Year following the last estimated Completion Date for the related Projects, are projected by the Management Consultant to be not less than 110% and 125%, respectively, of the Aggregate Principal and Interest Requirements for the Fiscal Year in which such Additional Bonds are to be issued and each Fiscal Year thereafter to and including the fifth complete Fiscal Year following the last estimated Completion Date for the related Projects, and

(ii) the sum of Net Revenue and Port Operator Capital Expenditures and the sum of Adjusted Net Revenue and Port Operator Capital Expenditures for the sixth complete Fiscal Year following the last estimated Completion Date for the related Projects are projected by the Management Consultant to be not less than 110% and 125%, respectively, of the average annual Aggregate Principal and Interest Requirements for all Bonds then outstanding and the Additional Bonds then being issued for the period beginning on the delivery date of such Additional Bonds and ending on the final stated maturity date of such Bonds.

Additional Bonds may also be issued under the Bond Resolution for the purpose of refunding all or, if permitted by law, a portion of any Series of Bonds then outstanding (in such capacity, "Refunding Bonds"); provided that, among other things, (a) the maximum Principal and Interest Requirements for any Bond Year on all Bonds Outstanding under the Bond Resolution after the issuance of such Refunding Bonds is not greater than the maximum Principal and Interest Requirements for any such Bond Year on all Bonds (including the Bonds to be refunded) immediately preceding the issuance of such Refunding Bonds or (b) the coverage test set forth above for Additional Bonds is met. See "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Refunding Bonds**" and " **- Additional Bonds**" in **Appendix C**.

Parity Indebtedness

The Authority may also incur Parity Indebtedness upon compliance with the provisions of the Bond Resolution described above under the caption "Additional Bonds" payable on a parity with Bonds. Parity Indebtedness is secured on a parity with the Bonds, except that it is not secured by the Debt Service Reserve Account or the moneys and securities held therein, but does not include Bonds. See "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Parity Indebtedness**" in **Appendix C**. As of the date hereof, the Authority has not incurred any Parity Indebtedness.

Subordinate Obligations

The Authority may issue Subordinate Obligations, without limitation as to amount, for any lawful purpose of the Authority, including paying Current Expenses, and all or any part of the costs associated with any Projects or Port Facilities, payable from funds in the Subordinate Obligations Fund. Subordinate Obligations may also be issued or incurred by the Authority for the purpose of redeeming or for paying at their maturity all or any part of the outstanding Bonds of any Series or of any other Indebtedness or any Subordinate Obligations. The Authority shall have the right to covenant from time to time with the holders of any Authority Subordinate Obligations to impose additional conditions, limitations and restrictions under which Additional Bonds and Refunding Bonds may be issued under the Resolution in the future. As of the date hereof, the Authority has not incurred any Subordinate Obligations. See "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Subordinate Obligations Fund**" in **Appendix C**.

Other Indebtedness

Under the Bond Resolution, the Authority has agreed that it will not incur any Indebtedness, except as described in the sections above entitled "Additional Bonds," "Parity Indebtedness," and "Subordinate Obligations." In addition, the Authority may undertake "inter-company" borrowings to or from VIT and may issue Special Obligations. "Special Obligations" include any Indebtedness the source of repayment and security for which is effectively limited to (1) the property, the purchase, acquisition or improvement of which was financed with the proceeds of such Special Obligations with no recourse, directly or indirectly, to any Gross Revenues of the Authority, the Port Operators or Subsidiaries or to any other property covered by the definition of "Port Facilities" ("Nonrecourse Indebtedness"), (2) the promise of a person other than the Authority, the Port Operators or Subsidiaries to make to or for the account of the Authority, the Port Operators or Subsidiaries payments sufficient to amortize and pay fully such Nonrecourse Indebtedness for which the Authority was a conduit issuer, or (3) obligations contracted or incurred and bonds issued by the Authority that are payable solely from the Transportation Trust Fund, the Commonwealth Port Fund, the Commonwealth's General Fund or other funding sources of the Commonwealth that are not derived from the Port Operator's, any Subsidiaries' or the Authority's Gross Revenues, and that have no lien on Gross Revenues. [Except for Indebtedness described in clause (1) of the preceding sentence, Special Obligations are not payable from Net Revenue and is secured by funding sources other than operating revenues of the Port Facilities. Indebtedness described in such clause (1) is not subordinated as to payment or security to the Bonds.]

<u>*Future Financings*</u>. The Authority does not currently anticipate issuing any new money Additional Bonds under the Bond Resolution or an additional series of new money Commonwealth Port Fund bonds ("CPF Bonds") prior to July 1, 2018. Subject to market conditions, however, the Authority, may undertake, at any time, the refunding for debt service savings and other purposes of any of its outstanding obligations, including Bonds issued under the Bond Resolution and its CPF Bonds.

Commonwealth Port Fund Bonds. As of July 1, 2016, the Authority has outstanding $254,350,000 in principal amount of CPF Bonds, the original principal and Outstanding amounts of which are set forth in the following table. CPF Bonds are secured by the Commonwealth Port Fund of the Transportation Trust Fund and are currently limited by law to a maximum aggregate principal amount of $420,000,000, but the General Assembly has periodically raised that cap. The Authority has used proceeds of the CPF Bonds primarily to finance the cost of certain capital projects at the Authority's Terminals in the Port of Virginia. The CPF Bonds are payable from certain monthly revenues of the Commonwealth set aside in the Commonwealth Port Fund, a special non-reverting fund held by the State Treasurer, and from the net investment income thereon. CPF Bonds are not secured by the Net Revenue of the Authority. The Commonwealth Port Fund was established in 1986 as part of the Commonwealth's Transportation Trust Fund and consists of a portion of the state sales tax, and motor vehicle fuel and related taxes and fees. Currently, 4.2% of such revenues are set aside for the Commonwealth Port Fund by the General Assembly and allocated to the Board of the Authority to be used for port capital needs within the Commonwealth. See **"VIRGINIA PORT AUTHORITY - Certain Legislation Affecting the Authority."** Original aggregate principal amounts and outstanding balances of the CPF Bonds as of July 1, 2016 are presented in the following table.

Series	**Original Principal Amount**	**Principal Amount Outstanding**
2006	$ 21,730,000	$ 1,365,000
2011	57,370,000	57,370,000
2012	108,015,000	88,970,000
2012B	45,230,000	43,170,000
2012C	4,795,000	4,795,000
2015	58,680,000	58,680,000
Totals	$351,275,000	$254,350,000

Variable Rate Debt and Swap Policies of the Authority

On November 22, 2005, the Authority adopted a Variable Rate Debt Policy (the "Variable Rate Debt Policy") pursuant to Resolution 05-20 of the Board. The Variable Rate Debt Policy was adopted to provide a framework to guide the use of any future issuance of variable rate debt by the Authority. The Variable Rate Debt Policy sets forth limitations on the use of variable rate debt and describes procedures to address risks associated with variable rate debt. Such procedures are consistent with those requirements specified in the Bond Resolution.

The Authority currently has no variable rate debt outstanding.

On March 11, 2005, the Authority adopted an Interest Rate and Currency Derivatives Policy (the "Swap Policy") pursuant to Resolution 05-3 of the Board. The Swap Policy was adopted to provide general procedural direction regarding the future use, procurement and execution of interest rate swaps, currency swaps and options by the Authority. The policy sets forth procedures to address risks associated with swaps and other hedging devices. See **Appendix C -** "**SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION - Use of Derivatives**."

The Authority currently has no swaps or financing hedging instruments in place.

VIG TERMINAL EXPANSION

Background

The Authority and Virginia International Gateway, Inc., a Virginia corporation (formerly APM Terminals Virginia, Inc.) ("VIG") entered into a Deed of Facilities Lease Agreement, dated July 6, 2010, as amended (the "Original Lease"), whereby VIG leased to the Authority a commercial marine port terminal facility located in Portsmouth, Virginia (hereinafter referred to as the "VIG Terminal"). The Authority and VIG have entered into an Amended and Restated Deed of Facilities Lease Agreement, dated of as of September __, 2016 (the "VIG Lease"), in order to facilitate the development and financing of an expansion to the VIG Terminal (the "VIG Terminal Expansion") and extend the term of the Original Lease, which instrument succeeds the Original Lease. [redacted]

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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

[redacted]

Event of Default or Event of Non-Appropriation

<u>Event of Default</u>. The following are Events of Default (after appropriate notice and cure rights) under the VIG Terminal Expansion Documents:

(1) The filing by the Authority of a voluntary petition in bankruptcy or failure by the Authority to promptly lift any executions, garnishment or attachment of such consequence as would impair the ability of Authority to carry on its government functions or adjudication of Authority as bankrupt, or assignment by Authority for the benefit of creditors, or the entry by Authority into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to Authority in any proceedings instituted under the provisions of the United States Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted;

(2) The Authority voluntarily abandons, deserts or vacates the VIG Terminal for a period of six (6) consecutive months, unless such abandonment or discontinuation of operations is due to force majeure, or is prevented for a period of thirty (30) days by action of any governmental agency from conducting its operations at the VIG Terminal;

(3) Any lien shall be filed against the VIG Terminal because of any act or omission the Authority or any other Port Operator in excess of $1,000,000 and shall not be discharged or

bonded within ninety (90) days after receipt of notice of such lien;

(4) Failure to pay Senior Rent or to make any other payment required under the VIG Terminal Expansion Documents when due without cure following notice;

(5) The Authority shall fail to keep, perform and observe each and every other promise, covenant and agreement set forth in the VIG Terminal Expansion Documents within sixty (60) days, or one hundred eighty (180) days where an obligation requires activity over a period of time, after its receipt of notice of default thereunder;

(6) VIG has delivered notice of a Material Default under the Facilities Maintenance Agreement, the Environmental Agreement, or the License Agreement, and the Authority has failed to commence a cure within sixty (60) days of notice and cured within one hundred eighty (180) days from the occurrence of such Material Default; or

(7) A Change in Control with respect to the Authority has occurred. "Change in Control" means the following changes of structure or operation of the Authority: (i) Authority no longer continues to exist as a political subdivision of the Commonwealth (provided its merger into a new or existing similar political subdivision of the Commonwealth whereby the rights and responsibilities of Authority are similar to its current operations shall not trigger this clause); or (ii) Authority has entered into a sale, lease, management agreement, concession agreement, or similar agreement to which effective operating control or revenue earned from any portion of the VIG Terminal is transferred to a third party which is not a Port Operator unless (A) such third party qualifies as a Privatization Operator (as defined in the VIG Lease) and (B) the agreement with such Privatization Operator complies with the requirements of the VIG Lease.

Event of Non-Appropriation. The Authority has agreed in the VIG Terminal Expansion Documents to notify VIG by June 30 of any Fiscal Year if the Virginia General Assembly has failed to appropriate from the Authority's Gross Revenues any part of the amounts due under the VIG Terminal Expansion Documents for the next Fiscal Year. VIG does not have the right to terminate the VIG Terminal Expansion Documents before December 15th of any Fiscal Year that an Event of Non-Appropriation occurs. See **"VIRGINIA PORT AUTHORITY - Funding from the Commonwealth**."

Upon the occurrence of an Event of Default or Event of Non-Appropriation under the VIG Lease, VIG may provide written notice to the Trustee as set forth in the Bond Resolution and pursue "Remedies" described herein. See "**SECURITY FOR THE SERIES 2016 BONDS - Flow of Funds Pursuant to the Bond Resolution**."

Dispute Resolution. In the event of a dispute (other than in respect of any claim for payment due or any dispute related to an Event of Non-Appropriation), the party asserting a breach of the VIG Lease or a material breach of any of the other VIG Terminal Expansion Documents shall send notice to the other party of such dispute and the parties shall meet within ten business days to attempt in good faith to resolve the dispute. If such meeting does not resolve the dispute, the parties shall have within ten business days the issue mediated before a mediator acceptable to all parties.

Remedies

Upon the occurrence of any Event of Default or Event of Non-Appropriation under the VIG Terminal Expansion Documents, VIG shall be permitted to pursue all remedies available at law or in equity, including terminating the leasehold and rights of the Authority under the VIG Lease and accelerating the Senior Obligations for the remaining term of the VIG Terminal Expansion Documents. See "**SECURITY**

FOR THE SERIES 2016 BONDS - Flow of Funds Pursuant to the Bond Resolution."   *[Describe rent acceleration calculation.]*

SENIOR OBLIGATION PAYMENTS AND DEBT SERVICE REQUIREMENTS

The following table sets forth the amounts to be paid by the Authority to VIG during each of the Authority's Fiscal Years with respect to the Senior Obligations while the Series 2016 Bonds are Outstanding and to the Trustee during each of the Authority's Fiscal Years with respect to the Series 2016 Bonds. Payments to be made during the Fiscal Year ending on June 30 include interest payable on the prior January 1 and principal and interest payable on the July 1 immediately following June 30 of such Fiscal Year with respect to the Series 2016 Bonds. See "**VIG TERMINAL EXPANSION – Senior Obligation Payments**" for a description of the Senior Obligations for the 50-year lease term.

Period Ending June 30,	[redacted]	Series 2016A Bonds			Series 2016B Bonds			Total
		Principal	Interest	Total	Principal	Interest	Total	
2017	[redacted]							
[redacted]	[redacted]							
[redacted]	[redacted]							
[redacted]	[redacted]							
[redacted]	[redacted]							
[redacted]	[redacted]							
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[redacted]	[redacted]							
[redacted]	[redacted]							
[redacted]	[redacted]							
[redacted]	[redacted]							
Total[1]	[redacted]							

[1] Column totals may not foot as a result of rounding.
[redacted]

VIRGINIA PORT AUTHORITY

History and Powers

Until the early 1970s, the Port Facilities were owned and operated by several local governments. This separate ownership prevented the effective management and coordination of port activities. To coordinate port operations more effectively, the Virginia General Assembly created the Authority pursuant to the Act as a body corporate and political subdivision of the Commonwealth performing essential governmental functions to foster and stimulate the shipment of cargoes and commerce through the ports of Virginia and gave the Authority the power to effect the coordination, consolidation and administration of the existing public marine terminals located on the Harbor (as defined below). Pursuant to this power, the Authority acquired NIT, NNMT and PMT from the Cities of Norfolk, Newport News and Portsmouth, Virginia, respectively. The Authority also developed VIP in Front Royal, Virginia, has entered into a long-term lease expiring on December 31, 2065 to operate the VIG Terminal and has entered into a long-term lease to operate RMT expiring on January 31, 2056. See **"PORT FACILITIES AND OPERATIONS - The Harbor"** and **"- Terminals and Intermodal Facilities"** and **"VIG TERMINAL EXPANSION"** below.

The Act authorizes the Authority to issue revenue bonds, payable solely from the revenues of the Port Facilities for the purpose of paying all or any part of the cost of any project of the Authority for the acquisition, construction, reconstruction or control of the Port Facilities, and to fix and revise tolls, fees, rentals and any other charges for the use of, or for the services rendered by, any of the Port Facilities.

The Act provides that the Authority shall not be required to pay any taxes or assessments upon any property acquired or used by the Authority under the Act or upon the income therefrom, including sales and use taxes on tangible personal property used in and about a marine terminal under the supervision of the Authority for handling cargo, merchandise, freight and equipment. In addition, the agents, lessees, sublessees or users of tangible personal property owned by or leased to the Authority shall not be required to pay any sales or use tax upon such property or the revenue derived therefrom. Since July 1, 1984, however, the Authority has been required by statute to make payments in lieu of taxes to the several local jurisdictions in which the Port Facilities are located. For the Fiscal Year ended June 30, 2016, such payments totaled approximately $1,150,784.

Board of Commissioners

The powers of the Authority are exercised by a Board of Commissioners consisting of the State Treasurer, the Chief Executive Officer of the Virginia Economic Development Partnership and eleven members appointed by the Governor of the Commonwealth, subject to confirmation by the General Assembly. Members of the Board of Commissioners serve staggered five-year terms and may succeed themselves for an additional five-year term if reappointed by the Governor. The Board elects a Chairman and Vice Chairman, who are to be members of the Board, and elects or appoints a Secretary and/or Treasurer, who need not be members of the Board.

The following persons are currently serving as members of the Board:

Name and Address	Principal Occupation	Date First Appointed to Board	Expiration of Current Term
John G. Milliken, Chairman Arlington, Virginia	Senior Fellow in Residence, School of Policy, Government and International Affairs George Mason University	April 17, 2014	June 30, 2017
John N. Pullen, Vice Chairman Richmond, Virginia	Chief Growth Officer, Luck Stone Corp.	July 15, 2011	June 30, 2019
Jennifer D. Aument Falls Church, Virginia	Group General Manager –North America, Transurban	July 15, 2011	June 30, 2020
J. William Cofer Virginia Beach, Virginia	President, Virginia Pilots Association	June 26, 2014	June 30, 2019
Alan A. Diamonstein Newport News, Virginia	Senior Partner, Patten, Wornom, Hatten & Diamonstein	April 17, 2014	June 30, 2017
Gary T. McCollum Virginia Beach, Virginia	Democratic Candidate for 7th State Senate District	April 17, 2014	June 30, 2017
Val S. McWhorter Vienna, Virginia	Founding Partner, Smith, Pachter, McWhorter, P.L.C.	April 17, 2014	June 30, 2017
Faith B. Power* Winchester, Virginia	Professor of Management and Director of the Institute for Entrepreneurship, Shenandoah University in Winchester	June 16, 2014	June 30, 2020
Kim Scheeler** Midlothian, Virginia	President and CEO, Greater Richmond Chamber	December 27, 2013	June 30, 2020
Deborah C. Waters Suffolk, Virginia	Attorney at Law, Waters Law Firm, P.C.	July 17, 2014	June 30, 2019
F. Blair Wimbush Chesapeake, Virginia	Former Vice President, Real Estate and Corporate Sustainability Office, Norfolk Southern Corporation	September 17, 2015	June 30, 2020
Manju Ganeriwala Richmond, Virginia	State Treasurer	*Ex-officio*	
Daniel C. Gundersen Richmond, Virginia	Chief Executive Officer, Virginia Economic Development Partnership	*Ex-officio*	

* Nonvoting member of the Board representing the Virginia Inland Port area.

** Nonvoting member of the Board representing the Richmond Marine Terminal area.

Administrative Officers of the Authority

Brief biographies of the key administrative officers of the Authority are set forth below:

John F. Reinhart was appointed CEO/Executive Director of the Authority on October 31, 2013 and officially took office on February 10, 2014. He is responsible for the broad programmatic areas of business development and growth, strategic marketing, finance, and operations of the Port Facilities. Prior to joining the Authority, Mr. Reinhart served as Chief Executive Officer of Maersk Line, Limited (MLL) since 2000 and President and Chief Executive Officer since 2004. He was a member of the Board of Directors for MLL and Farrell Lines. During his career with Maersk, he also held the positions of Senior Vice President and Regional Director and was responsible for commercial activities of the company, including sales, customer service and marketing for North America. He previously worked at Universal Maritime Services (UMS) as General Manager and President. Mr. Reinhart received his B.A. in General Studies and Political Science from Ohio University and completed the Executive M.B.A. Program at the University of Michigan.

James S. Bibbs joined the Authority on March 24, 2014 as Chief Human Resources Officer. In this role, Mr. Bibbs is responsible for providing leadership in developing and executing human resources strategy in support of the overall business plan and strategic direction of the organization. He was previously with Quintiles in Durham, North Carolina, where he served as Director, HR Operations North America. There, he was responsible for strategic guidance and change management as well as ensuring organizational objective alignment among other duties. Mr. Bibbs has held several positions in human resources through his tenure with Johnson & Johnson, Sanofi-Aventis and Aventis Pharmaceuticals and Maersk Sealand. He brings a wealth of knowledge including organizational design and effectiveness, strategic planning, talent development and team management. Mr. Bibbs earned B.A. in Communications and Public Relations from Lock Haven University and is currently completing a Master’s degree in Organizational Leadership from Gonzaga University.

Cathie J. Vick was named Chief Public Affairs Officer for the Authority in January, 2014. She oversees the Port’s government relations, community outreach, economic development, communications, and media relations. Ms. Vick is an experienced lobbyist with a background rooted in both the public and private side of government relations. Prior to her service at the Authority, Ms. Vick served as deputy director for energy policy in the Virginia Department of Mines, Minerals and Energy, where she helped to implement Governor Bob McDonnell’s energy policy initiatives in the Commonwealth. She also worked as Director of Government Relations for Virginia Natural Gas, where she handled advocacy to state, local, and federal officials and the company’s civic and charitable sponsorships and donations, as well as overseeing its conservation programs. Ms. Vick earned her J.D. from Georgia State University College of Law and her B.A. in Political Science and Communications from James Madison University.

James W. Noel III was appointed Virginia Port Authority General Counsel in May, 2014, by Virginia Attorney General Mark Herring. Effective April 1, 2016, he leads the Legal Affairs Division and is responsible for legal affairs, contracts, real estate, risk management and procurement for the Authority, VIT and HRCP II. Prior to joining the Authority, Mr. Noel served in the Education Section of the Attorney General’s Office, advising public universities throughout the Commonwealth. He then moved to the Transportation Section of the Attorney General’s Office, serving as lead counsel to the Authority and providing counsel to the Virginia Department of Transportation. Mr. Noel serves on the Board of Directors of Junior Achievement of Greater Hampton Roads and on the Board of Directors of tHRive, the Young

Professionals of Hampton Roads Chamber of Commerce. He has a B.A. from the University of Virginia, a J.D. from William & Mary Law School, and is licensed by the Virginia State Bar.

Rodney W. Oliver was named Chief Financial Officer of the Authority in January, 2009. Mr. Oliver is responsible for all financial aspects of the VPA. He also served as the Interim Executive Director of the VPA from October, 2012 to February, 2014. Before joining the VPA in 1999, he served as the CFO for Commonwealth Information Services, Corporate Controller for the St. Charles Companies, and Audit Manager for KPMG Peat Marwick. Mr. Oliver serves as a board member for Signal Mutual, the South Hampton Roads YMCA and LEAD Virginia. He is a past Chairman of the American Association of Port Authorities (AAPA) Finance Committee, a member of the Hampton Roads Association of Financial Professionals, the Virginia Society of CPAs and the State Non-Arbitrage Program Advisory Committee. He is also a Certified Public Accountant. Under Mr. Oliver's direction, the Authority received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (2006-2014). Mr. Oliver obtained his B.B.A. and his Executive M.B.A. from the College of William and Mary.

Joseph P. Ruddy was named Chief Innovation Officer in September, 2014 and oversees the Port's Strategic Planning, Engineering, IT and Sustainability teams. He previously served as Chief Operations Officer for VIT. Prior to being named COO, Mr. Ruddy served as the Director of Operations and Labor and also held a senior position at Virginia Intermodal Management ("VIM"), a subsidiary company previously responsible for managing and administering all aspects of a port-wide chassis pool. In addition to his previous experience at VIT and VIM, he held several positions with international ship line companies including France's CMA-CGM, the world's third largest container carrier, and National Shipping Company of Saudi Arabia (NSCSA). Mr. Ruddy earned a Bachelor's Degree from Virginia Wesleyan College and a Master's Degree from the College of New Jersey.

As of June 30, 2016, the Authority had 197 employees consisting of 51 port police staff, 17 employees in public affairs and 51 employees in innovation and 78 employees in administration.

Relationship with VIT

Under the Act, the Virginia General Assembly directed the Authority to pursue its purpose by such means as should prove necessary or desirable, and not inconsistent with state law. Pursuant to this legislative mandate, the Authority incorporated VIT on June 3, 1981. In 1983, the Internal Revenue Service (the "IRS") ruled on VIT's tax-exempt status under Section 115 of the Internal Revenue Code, determining that its income would be excludable from gross income as it was derived from the exercise of an essential governmental function. This ruling was substantially reaffirmed in 2008, when VIT received a ruling from the IRS in connection with certain proposed changes to VIT's hiring practices, and again in 2013, when VIT received a ruling from the IRS in connection with the conversion of VIT from a Virginia non-stock corporation to a Virginia single-member limited liability company.

The parent-subsidiary relationship between the Authority and VIT is atypical in United States ports. This combined organization with a single operator allows the Port of Virginia to align cargo demand with the terminal resources capable of meeting that demand, including relocation of ship lines among marine terminals if necessary. Other United States ports typically function as landlords and lease their terminals to a variety of private terminal operators that compete for ship line business.

Under VIT's Operating Agreement, VIT is managed by two executives, the Chief Operations Officer and the Chief Sales Officer, such executives report directly to and serve at the pleasure of the Executive Director of the Authority. The Executive Director of the Authority has the ability to remove and replace such executives at his or her discretion, with or without cause. As the sole member of VIT, the

Authority receives all VIT Net Revenue attributable to VIT's operations. Additionally, in the event of a termination of VIT, any liquidation proceeds would be distributed exclusively to the Authority.

VIT's Annual Budget is subject to approval by the Authority's Board of Commissioners. That Annual Budget provides for the Current Expenses to be incurred by VIT in the operation, repair and maintenance of the Port Facilities, the equipment to be purchased by VIT and the leasehold improvements to be made by VIT, all in accordance with its Operating Agreement. Authority personnel work with VIT staff members to achieve proper monitoring and general auditing of all VIT activities relating to revenues and income. The Authority controls VIT through its Operating Agreement on all matters including the setting of tariffs, rates and charges, and the alteration, repair, and maintenance of the Port Facilities. VIT's budget for Fiscal Year 2017 was approved on June 7, 2016 by the Authority's Board of Commissioners.

HRCP II, L.L.C. VIT is the sole member of HRCP II, which operates the empty containers yards and a common user chassis pool at the Port. HRCP II leases chassis under various operating lease agreements, which may be renewed in one year increments or terminated at the end of each term. HRCP II is obligated to maintain and repair chassis delivered to the pool. VIT Net Revenue from HRCP II's operations are transferred on a monthly basis to VIT pursuant to the Payment Agreement, which HRCP II has joined as of __________, 2016. Under HRCP II's Operating Agreement, HRCP II is managed by a General Manager who serves at the pleasure of the Chief Operations Officer of VIT with approval of the Executive Director of the Authority. As the sole member of HRCP II, VIT receives all VIT Net Revenue attributable to HRCP II's operations and any liquidation proceeds would be distributed exclusively to VIT in the event of termination of HRCP II.

The Authority, VIT and HRCP II have entered into a shared services agreement under which the entities share common administrative functions for accounting and finance, purchasing/contract administration, risk management, innovation, information technology, strategic planning and human resources. Under this arrangement, all administrative functions of the separate entities were consolidated and employees transferred to the Authority, and each respective entity will pay its applicable share of administrative costs.

Administrative Officers of VIT

Brief biographies of the key administrative officers of VIT are set forth below:

Shawn Tibbetts was promoted in October, 2014 to Chief Operations Officer for VIT and is responsible for the Port's terminal operations, safety, security, and maintenance. In 2003, Mr. Tibbetts joined the APM Terminal as Assistant Operations Manager. In 2005, Mr. Tibbetts officially joined the APM Terminal Virginia Project Team, responsible for developing the new APM Terminal facility, now known as Virginia International Gateway. In 2010, Mr. Tibbetts was named General Manager, Operations at the APM Terminal. Mr. Tibbetts transitioned to VIT in 2010, where he served as Director, Operations and Maintenance. Mr. Tibbetts has held roles of increasing responsibility since joining VIT, most recently as Senior Vice President, Operations. Mr. Tibbetts sits on the Board of Directors for the Hampton Roads Shipping Association, the Propeller Club of Norfolk and the National Association of Waterfront Employers. Mr. Tibbetts earned his B.B.A. from James Madison University. Mr. Tibbetts also earned in 2013 his Executive M.B.A. from the Mason School of Business of the College of William and Mary. Mr. Tibbetts holds a certificate in Port Management as a result of coursework completed with Lloyd's Maritime Academy.

Tom D. Capozzi was named Chief Sales Officer of VIT in June, 2013 and is responsible for managing and coordinating the Port's global commercial business activity through the sales and customer service departments. Mr. Capozzi served as VIT's Vice President of Global Sales from 2009 to 2013. He also worked as the Senior Managing Director of Marketing for the Authority from 2002 to 2009. Prior to joining VIT, his career in the liner shipping business included serving as Regional Manager of Sales and Operations for "K" Line America Inc. and as a sales representative for Evergreen America Corporation, handling sales in Virginia and North Carolina. In October, 2008, Mr. Capozzi was the recipient of the "Commerce Builder Award," as chosen by the Hampton Roads Global Commerce Council (HRGCC). Mr. Capozzi is a graduate of Old Dominion University, receiving a B.S. in Political Science and International Studies and a Graduate Certificate in the History of Strategy and Policy. He earned his M.B.A. in Global Management from the University of Phoenix in January, 2006. In October, 2008, Mr. Capozzi earned his Diploma in Port Management from Lloyd's Maritime Academy, London, UK.

Payment Agreement with VIT

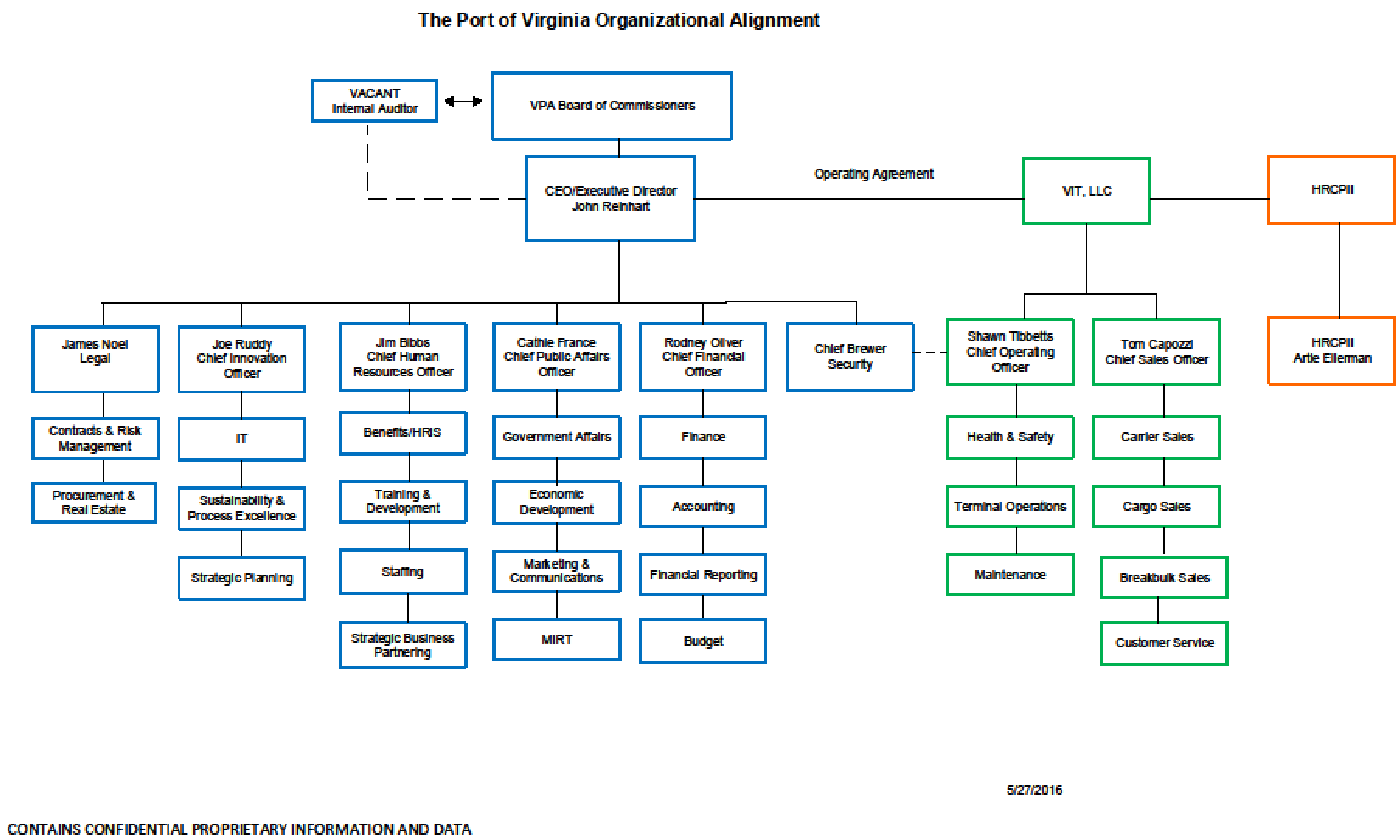
The Payment Agreement between the Authority and VIT will be executed and delivered at closing on the Series 2016 Bonds and simultaneously joined by HRCP II, in accordance with the provisions of the Bond Resolution. The Payment Agreement supplants, supersedes, and replaces in total the Service Agreement originally dated June 1, 1997 and as last amended and restated as of November 18, 2014 (the "Service Agreement") among the parties. VIT manages, operates and conducts the business of the Port Facilities as an independent contractor in accordance with the rules, regulations and policies of the Authority and subject to the terms, conditions and restrictions set forth in the Bond Resolution. The Payment Agreement has an indefinite term that continues until terminated by the Authority, which the Authority may do at any time, in its sole discretion, upon written notice to VIT and any joinder parties. The Bond Resolution requires that, if the Authority terminates the Payment Agreement, the Authority shall either itself assume the operation of the Port Facilities or retain another person to perform such operations; provided, however, that in the event of any such termination, no other person shall be so retained unless the Authority shall first provide the Trustee with an opinion of bond counsel to the effect that such retention will not have an adverse effect on the tax status of the Bonds.

VIT has covenanted in the Payment Agreement that it will transfer to the Authority on a monthly basis all VIT Net Revenue for the immediately preceding Measurement Period, as further described under the caption "**SECURITY FOR THE SERIES 2016 BONDS - Flow of Funds Pursuant to the Bond Resolution**." VIT has also covenanted to require all Subsidiaries to distribute to VIT on a monthly basis all VIT Net Revenue for the immediately preceding Measurement Period and to cause all Subsidiaries to evidence such agreement through joining the Payment Agreement.

In addition to the covenant to transfer the amounts described in "**SECURITY FOR THE SERIES 2016 BONDS - Flow of Funds Pursuant to the Bond Resolution**," VIT and any Subsidiary also agree in the Payment Agreement and their respective Operating Agreements to not incur Indebtedness (as defined in the Bond Resolution); provided, however, with the written approval of the Authority, VIT and any Subsidiary may substitute up to 50% of its applicable Subsidiary Liquidity Reserve Requirement through a revolving loan facility, standby letter of credit or other credit facility in favor of VIT or such Subsidiary. Furthermore, VIT and any Subsidiary may enter into lease obligations for the acquisition of equipment pursuant to its respective annual budget; provided such lease obligations do not exceed 6% of budgeted Current Expenses of VIT or such Subsidiary, with the exception of chassis leases of HRCP II, which shall be unlimited.

Organization Chart

The chart below illustrates the organization of the Authority, VIT and HRCP II.



Funding from the Commonwealth

The Virginia Constitution requires in general that all taxes, licenses and other revenues of the Commonwealth and its agencies and authorities, such as the Authority, are to be paid into the Commonwealth of Virginia Treasury Department (the "State Treasury"), that no money may be paid out of the State Treasury except pursuant to appropriation by the General Assembly and that no appropriation may be for a payment that is to be made more than two and one-half years after the adjournment of the General Assembly making the appropriation. As a result of this Virginia law requirement, the Gross Revenues of the Authority are paid into the State Treasury and can be spent by the Authority only after the General Assembly has appropriated the funds for the Authority's purpose, which the General Assembly is not obligated to do.

Since July, 1996, the Authority's revenue have been derived principally from two budgetary sources: (i) Gross Revenues of the Authority (that is, its operating revenues), and (ii) the Commonwealth Port Fund, as described in "**SECURITY FOR THE SERIES 2016 BONDS - Summary of Authority Outstanding Indebtedness**." These appropriations are used by the Authority to pay the cost of certain capital improvements at the Port Facilities, to pay the Authority's administrative expenses, including port and trade development activities in the United States and foreign countries, and to pay debt service on bonds or other obligations of the Authority. Though there is no legal requirement to do so, the Authority has traditionally funded its operating budget entirely with operating revenues, and has funded its maintenance and capital improvements primarily through the Commonwealth Port Fund and the issuance of debt in the form of CPF Bonds, Bonds issued under the 1997 Resolution, and Subordinate Obligations issued under the 1997 Resolution. There has never been a failure by the Virginia General Assembly to appropriate Gross Revenues under the 1997 Resolution.

Pension and Post-Employment Benefit Plans

The Authority maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to participate in the Virginia Retirement System ("VRS"), or elect to be covered under a newly created pension plan (the "VPA Defined Benefit Plan"). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and January 28, 2014. In addition, the CEO/Executive Director hired February 10, 2014 and certain employees transferred from VIT will participate in the VPA Defined Benefit Plan. Otherwise, employees hired after January 28, 2014 are eligible only for a defined contribution plan.

For employees of the Authority who elected to continue to participate in VRS, VRS also administers life insurance and health related plans for retired employees. Information relating to these plans is available at the statewide level only in the Commonwealth of Virginia's Comprehensive Annual Financial Report ("CAFR"). The Commonwealth, not the Authority, has overall responsibility for contributions to these plans. The Authority contributed 12.33% of each such employee's base pay to the VRS in Fiscal Year 2016.

The VPA Defined Benefit Plan is a single employer, noncontributory defined benefit pension plan administered by the Authority. The plan provides retirement, disability and death benefits to plan members and beneficiaries. The plan also provides a supplemental benefit for law enforcement officers, including law enforcement otherwise covered by VRS. Benefit provisions and obligations are established and may be amended by the Board of the Authority.

As the plan sponsor for the VPA Defined Benefit Plan, the Authority sets a contribution rate annually based on recommendations provided by the plan's actuary. The Authority elected to contribute 15.45% of base pay in Fiscal Year 2016 for employees receiving the basic retirement benefit from the plan and for employees receiving the law enforcement supplement. The VPA Defined Benefit Plan does not specify a minimum funding requirement.

As of June 30, 2016, the most recent actuarial valuation date (for the measurement date as of June 30, 2015), the VPA Defined Benefit Plan had a funded ratio of 53.26% and an unfunded actuarial liability of $9,349,682. In Fiscal Year 2016, the Authority contributed $900,882 to such plan, or $26,000 over the actuarially determined contribution, for such fiscal year.

In addition, the Authority maintains a deferred compensation plan and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively. Employees who elected to continue to participate in VRS are covered under a deferred compensation plan and matching plan administered by VRS.

On November 18, 2014 the Board of the Authority approved amendments to the VPA Defined Benefit Plan as well as its deferred compensation plan and defined contribution plan to ensure a loss of benefits did not occur for employees transferred between the Authority and VIT as part of the reorganization.

For further information regarding the Authority's pension plans, see Note 11 in **Appendix A** - "**FINANCIAL STATEMENTS OF THE AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2015**."

The Authority offers post-retirement medical and dental benefits to VPA employees who retire under either VRS or the VPA Defined Benefit Plan. Employees who maintain status under VRS are covered under the state health care plan administered by VRS. Information relating to this plan is available at the statewide level only in the Commonwealth of Virginia's CAFR.

The Authority has not advanced-funded or established a funding methodology for the annual Other Postemployment Benefit ("OPEB") costs or the net OPEB obligation. For Fiscal Year 2015, retirees and eligible dependents received postemployment health care benefits. The Authority paid $[190,906] comprised of benefit payments made on behalf of retirees for claims expenses and retention costs. After netting out retiree contributions totaling $[107,223] the contribution towards the annual OPEB costs was $[83,683]. Required contributions are based on projected pay-as-you-go financing.

As of June 30, 2015, the actuarial accrued liability for benefits was $820,172, all of which was unfunded. The covered payroll (annual payroll for active participating employees) was $5,753,440 for the Fiscal Year 2015, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.3%.

For further information regarding the Authority's OPEB obligations, see Note 12 in **Appendix A** - "**FINANCIAL STATEMENTS OF THE AUTHORITY FOR FISCAL YEAR ENDED JUNE 30, 2015**."

Certain Legislation Affecting the Authority

2012 Legislation Enacted by the Virginia General Assembly. In 2012, the Virginia General Assembly created the Virginia Port Opportunity Fund, a special nonreverting fund that is a subfund of the Commonwealth Port Fund and is held by the Commonwealth. The 2012 legislation requires that if the Authority's revenues from terminal operations during a fiscal year exceed its terminal operating expenditures for that year by at least five percent (5%), then the Authority shall request that the State Treasurer of the Commonwealth transfer to the Port Opportunity Fund an amount equal to five percent (5%) of such fiscal year's revenues from terminal operations. Revenues transferred to the Port Opportunity Fund shall be used to fund development and implementation of a national and international marketing program as well as provide incentives for expanding the use of Authority facilities for the import and export of containerized and noncontainerized cargoes. No amounts have been transferred into the fund since its creation, and hence its present balance is $0. In 2016, the Virginia General Assembly revised the requirements for transfers to the Port Opportunity Fund, limiting the transfer to an amount not to exceed $2 million and authorizing the Secretary of Transportation to waive the transfer if determined such a transfer is not in the long-term interest of the Authority.

2013 Legislation Enacted by the Virginia General Assembly. Legislation enacted by the 2013 Virginia General Assembly added the Chief Executive Officer of the Virginia Economic Development Partnership to the Board of Commissioners and added the Authority's Executive Director to the Commonwealth Transportation Board. In addition, the 2013 legislation added two nonvoting members representing RMT and VIP to the Board. The 2013 legislation also prohibits the Commonwealth and the Authority from accepting any unsolicited proposal under the Commonwealth's Public Private Transportation Act of 1995 (or the related Public Private Education and Infrastructure Act) regarding the ownership or operation of any seaport or port facility. The legislation further requires that the Authority provide an annual operating plan and budget to the Commonwealth's Secretary of Transportation and Director of the Department of Planning and Budget, in form and content as determined by the Director of the Department of Planning and Budget and including information on salaries, expenditures and indebtedness. The legislation authorizes any of the Authority's Board, the General Assembly or the Governor to request that the Commonwealth's Inspector General review any area of the Authority's finances or operations and also granted the Authority the authority to exercise powers conferred upon industrial development authorities.

Also in 2013, the General Assembly adopted comprehensive legislation to enhance transportation revenues, one major goal of such legislation being to address the shortfall in the Commonwealth's highway maintenance and operating funds that resulted in the transfer of construction dollars to support maintenance and operations. While such legislation did not change the current 4.2% allocation of amounts in the Commonwealth's Transportation Trust Fund to the Authority, it did change the expected composition and funding levels of revenue sources to the Transportation Trust Fund.

2015 Legislation Enacted by the Virginia General Assembly. Legislation approved by the Virginia General Assembly in its 2015 session (i) included an appropriation increase of $16.3 million to $186 million and 69.0 FTE positions in Fiscal Year 2016, reflecting the implementation of the reorganization of the Authority and VIT and the shifting of personnel from VIT to the Authority, (ii) authorizes the Authority to extend or renew the VIG Terminal lease for up to 50 years and allow for the conversion of such lease to a capital lease, if approved by the Secretaries of Transportation and Finance, (iii) expands the police powers of the Authority to employ special police officers on property owned, leased or operated by the Authority or its subsidiaries, and (iv) removes the Authority's Chief Executive Officer and Executive Director as member of the Commonwealth Transportation Board.

Legislation in 2016 General Assembly. In 2016, the Virginia General Assembly authorized the Virginia Public Building Authority to issue bonds in an aggregate amount not to exceed $350,000,000 to fund capital projects at Norfolk International Terminal, with the debt service on such indebtedness to be paid from Commonwealth appropriations made by the Treasury Board. Also in 2016, the Virginia General Assembly authorized the appropriation of $10,000,000 in each of Fiscal Year 2017 and Fiscal Year 2018 from the Commonwealth Port Fund to be used to make Senior Obligation Payments associated with the VIG Lease.

PORT FACILITIES AND OPERATIONS

The Harbor

With the exception of RMT, the marine terminals owned or leased by the Virginia Port Authority (collectively, such marine terminals, other than and excluding RMT, are referred to herein as the "Terminals") are located in Norfolk, Portsmouth and Newport News, Virginia, in the Port of Virginia. All of the Terminals are accessible through two deep water channels currently dredged to 50 feet with Congressional authorization to dredge to 55 feet, allowing the Harbor to accommodate the largest container ships currently in operation.

The harbor of Hampton Roads (the "Harbor"), which is formed by the confluence of the James, Nansemond and Elizabeth Rivers, has an area of 25 square miles and provides access to the Port of Virginia, including the Terminals, and anchorage for cargo ships of all sizes. The Harbor is generally free of ice throughout the year and is 18 miles from the Atlantic Ocean. In addition to the Port of Virginia, the area is the location of the world's largest naval complex, with headquarters for the Commander in Chief of U.S. Atlantic Command, NATO's Supreme Allied Command Atlantic, Commander in Chief U.S. Atlantic Fleet and other major naval commands. Hampton Roads also is the largest center of Coast Guard units in the world with the Atlantic Area Command and Maritime Defense Zone Atlantic in Portsmouth and its Maintenance & Logistic Command Atlantic headquarters in downtown Norfolk.

The Port of Virginia is also home to many major corporations, including Northrup Grumman, Huntington Ingalls Industries, Norfolk Shipbuilding and Drydock Corp., Norfolk Naval Shipyard, Continental Grain Company, Cargill, Inc., Elizabeth River Terminals, Inc., Norfolk Southern, and over 100 other companies involved in shipping, shipbuilding or ship repair. Several facilities in the Port of Virginia not owned by the Authority are equipped to handle bulk cargo such as petroleum products, grain and coal. More coal is exported through these facilities than through any other port in the United States. Coal exported via private marine facilities in the Hampton Roads harbor during calendar year 2015 amounted to 26.2 million short tons, representing 38% of all coal exported via US ports during calendar year 2015.

The Authority's Terminals are served by several major railroads, including Norfolk Southern, CSX, Norfolk and Portsmouth Belt Line and Eastern Shore railroads. Interstates 64, 264, 464 and 664, and other major federal and state highways provide access for truck traffic.

In addition to the Terminals, the Authority owns an intermodal facility in Front Royal, Virginia and leases the RMT facility in Richmond, Virginia, as described below in "**PORT FACILITIES AND OPERATIONS - Terminals and Intermodal Facilities - Virginia Inland Port and - Richmond Marine Terminal**."

Terminals and Intermodal Facilities

Following are descriptions of the existing Port Facilities, consisting of the Terminals in the Port of Virginia that are owned by the Authority, and the Authority's inland intermodal facility located in northwestern Virginia, the privately-owned VIG Terminal, and RMT which the Authority operates under a 40-year lease with the City of Richmond.

Norfolk International Terminals. NIT is located on the south side of the Harbor at the mouth of the Elizabeth River and occupies an area of approximately 567 acres.

NIT is the largest container terminal in the Port of Virginia, having 4,230 linear feet of berth space at NIT (South) and 2,400 linear feet of berth space at NIT (North) for container ships. Major expansions of the container and intermodal yards were completed over the last ten years that have increased capacity and prepared the terminal to receive Post-Panamax vessels, including reconstruction and expansion of the North and South terminals, construction of the Central Rail Yard, acquisition and reconstruction of the former Norfolk Portsmouth Beltline Railroad Marshaling Yard adjacent to the terminal and acquisition of "Suez Class" gantry cranes. The water depth along the wharves and piers varies from 35 feet along the piers to 50 feet along the wharves. NIT (South) currently has eight (8) 100-foot gauge container cranes capable of reaching across 26 container wide vessels. NIT (North) has six (6) 100-foot gauge container cranes capable of reaching across 22 container wide vessels, making these among the largest container cranes in the world currently. NIT yard equipment includes 109 straddle carriers, 8 shuttle carriers and 8 reach stackers.

The facility is configured for one-over-two straddle carrier operations and has a total static capacity of 33,000 twenty foot equivalent units ("TEU") or 18,966 containers. The current overall capacity at NIT is approximately 820,000 containers per year and is projected to have operated at 88% of its capacity for Fiscal Year 2016.

Two covered, concrete, general cargo piers are provided for breakbulk cargo (*i.e.*, cargo that is too large to fit into a container such as large pieces of equipment). These piers are each 1,328 feet long, and 308 and 336 feet wide, respectively, and can accommodate up to eight ships at a time.

The existing piers and container berths at NIT are served by three brick and concrete buildings containing a total of approximately 700,000 square feet of space. These buildings contain facilities for cargo storage, the stuffing and stripping of containers, the terminal's breakbulk operations, 22,000 square feet of refrigerated storage, and repair and maintenance of the port's 400-unit vehicular fleet. All these buildings are served by depressed track and truck docks with street level doors on the other side.

Rail lines enter NIT through direct connection with Norfolk Southern Railroad or the Norfolk and Portsmouth Belt Line Railroad. Highway access to NIT consists of Interstate 64, a major east-west highway, connected to NIT by International Terminal Boulevard, a four lane highway. NIT has an internal road network for truck traffic to all warehouses and piers.

VIG Terminal. In August 2007, APM Virginia Terminals, Inc. ("APM") completed construction of a 231-acre marine terminal facility located in Portsmouth, Virginia known today as the Virginia International Gateway (the "VIG Terminal"), which was the first privately owned container terminal in modern United States history. In July 2010, the Authority and APM entered into a 20-year lease agreement under which the Authority is now operating the VIG Terminal, formerly known as the APM Terminal. APM was sold to a partnership comprising affiliates of investment funds managed by Alinda Capital Partners and Universities Superannuation Scheme Limited in August 2014. In July 2016, the Authority and Virginia International Gateway, Inc., a Virginia corporation (formerly APM) ("VIG"), entered into a 50-year lease agreement pursuant to which the VIG Terminal is to be expanded to its full build out condition with capital funding from VIG, and the Authority is granted the option to assume full ownership of the terminal at the end of the lease in 2065. See "**VIG TERMINAL EXPANSION.**"

The VIG Terminal has a berth of 3,225 feet (expandable to 4,000 feet) with an approach channel depth of 50-feet, and 55-feet of depth alongside, with a tidal deviation of 2 feet. The current overall capacity at the VIG Terminal is approximately 680,000 containers per year is projected to have operated at 96% of its capacity for Fiscal Year 2016. Backlands consist of an approximately 65 acre semi-automated rail mounted gantry stacked container storage yard as well as approximately 50 acres of dedicated storage space.

The VIG Terminal is a highly technologically advanced terminal. Equipped with 8 Super Post-Panamax ship-to-shore cranes, 30 semi-automated rail-mounted gantry cranes and 4 rubber-tire gantry cranes, the VIG Terminal was designed to provide the safest, greenest and most efficient port facility available at the time construction was completed. Arrival and departure gates feature 12 truck lanes each.

A 3.3 mile spur connects the VIG Terminal directly to the Norfolk Southern and CSX rail lines, giving the VIG Terminal access by rail to the entire continental United States. The VIG Terminal also has access to federal and state highways via a new interchange with Route 164.

The VIG Terminal has a container wash facility, maintenance and repair facilities, a wheeled refrigerated area and available room for expanding operations when necessary.

The VIG Terminal has an additional [46][60] acres of planned expansion areas for additional container stacks, working tracks for intermodal operations, truck gate lanes and an extended container wharf. See "**CAPITAL INVESTMENT PLAN – VIG Terminal Expansion**."

Portsmouth Marine Terminal. PMT is located on the Elizabeth River on the south side of the Harbor and occupies an area of approximately 287 acres. As a result of the Authority's operating lease of the VIG Terminal, the Authority began leasing space to customers for bulk and breakbulk cargo in 2009. To date the Authority has leased 45 acres to a joint venture headed by Skanska Infrastructure Development for construction of a second Midtown Tunnel, scheduled to be completed in 2017, 13 acres to a private tenant for construction of a wood pellet export facility, and the Authority is currently actively marketing other portions of PMT for use by third parties.

Due to increasing container volume, approximately 30 acres of PMT were reopened for container services in September, 2014. While PMT has an estimated capacity of 200,000 containers per year, the terminal is projected to have operated at 55% of its capacity for Fiscal Year 2016. In addition, the 44-acre empty container yard located at PMT is in service.

PMT has facilities for handling both containerized and general cargo. PMT has 3,540 feet of marginal wharf with three berths and a roll-on/roll-off platform. The water depth along the entire marginal wharf is 43 feet. The total length of the wharf is 3,540 linear feet. Approximately 188 acres of paved storage area are adjacent to the marginal wharf.

PMT has 84,500 square feet of modern warehouse space. Additional office space and dry and covered storage space could be used for many operations.

Rail connections are provided by CSX and the Norfolk and Portsmouth Belt Line Railroad. PMT has direct access to federal and state highways.

Newport News Marine Terminal. NNMT is located on the north side of the Harbor at the mouth of the James River.

NNMT covers an area of approximately 165 acres extending from the James River to the CSX main line tracks adjacent to Terminal Avenue. NNMT is equipped with 1 Panamax container gantry crane and 4 in-storage rubber-tire gantry cranes. Two piers served by rail and truck provide sufficient space to berth simultaneously four general cargo vessels. The water depth along these piers is 38 to 45 feet. One pier is a combination breakbulk and roll-on-roll-off facility. It is approximately 960 feet in length and 180 feet wide. There is one combination container/heavy lift crane with the capacity to lift 200 tons. Another pier is designed principally to handle breakbulk cargoes.

Vehicles and breakbulk cargo are transported to and from the pier and the 60 acres of adjacent paved storage area by tractor chassis vehicles. Rail facilities provide for breakbulk cargo from two warehouses. NNMT has 968,000 square feet of warehouse space.

Additional facilities include warehousing, stuffing and stripping operations, office space, fumigation, scales, ticketing and inspection, garage and maintenance operations.

Access to NNMT is provided by direct connections with Interstates 64 and 664, major urban streets entering NNMT at the eastern boundary via a new underpass at the CSX main line tracks, and direct railway connections to CSX.

Virginia Inland Port. VIP covers an area of approximately 165 acres located 220 miles inland in Front Royal (Warren County), Virginia, west of Washington, D.C., near Interstates 81 and 66 on U.S. 340/522.

VIP is operated as an intermodal transfer facility, providing an interface between truck and rail for the transport of ocean-going containers to and from the Terminals. Containers are transported by truck to VIP for immediate loading on rail cars, or for short-term storage prior to loading. Containers arriving from the Terminals are unloaded from the train and dispatched by truck to inland destinations. The terminal is served by 17,820 feet of rail track located adjacent to Norfolk Southern's Crescent Corridor. Land is available to steamship lines for container storage and ancillary service companies. A covered gate and scale complex is used to process cargo entering and leaving VIP.

Additional facilities at VIP include an on-site administrative office building, which serves customers as well as the surrounding business community.

Richmond Marine Terminal. The Authority entered into an operating lease in late 2010 with the City of Richmond for RMT, located at 5000 Deepwater Terminal Road, Richmond, Virginia with nearby access to Interstate 95. The initial term of the lease was 5 years. The Authority entered into a 40-year lease with the City of Richmond on February 1, 2016. Effective March 19, 2012, the Authority entered into a service agreement with a private terminal operator, Port Contractors, Inc., to operate the RMT facility, and effective November 1, 2016, VIT will commence operations of the RMT facility.

RMT has a 1,570 foot long wharf available for berthing, and handles containers, break-bulk and bulk cargo. RMT has 360,000 square feet of warehouse storage, 280,00 square feet of which is from World War II era concrete buildings and 80,000 of which is provided by a more modern structure. The Authority acquired a mobile harbor crane in January 2016 to support container and other cargo operations.

The on-dock rail infrastructure was recently refurbished at RMT in 2014 and a rail scale and unloading pit were constructed in 2013 to support a bulk grain export operation.

The City of Richmond owned rail lead connecting to CSX's South Yard was recently renovated. James River Barge Service, a weekly container-on-barge service from Hampton Roads to Richmond, provides a maritime alternative to I-64 by transporting goods on the James River via barges, removing container traffic from local roads and highways.

Maintenance of Facilities

The Authority is required to maintain the Port Facilities pursuant to the Bond Resolution. To that end, the Authority periodically retains independent consulting engineers to conduct inspections of the Port Facilities. The Authority's CIP (defined below), in addition to addressing expansion of the Port Facilities, is intended to address ongoing maintenance and preservation of the Port Facilities. The Consulting Engineer's report attached hereto as **Appendix B** finds that the Port Facilities are satisfactorily maintained and in good operating condition as of the date of such report.

In the last few years, several projects have been completed that improved the overall condition of the Authority's facilities. Both container yards in 2010 and the central rail yard in 2011 and 2014 at NIT were expanded and upgraded with new operating equipment. In 2014 a new terminal operating system was installed and gates were improved at NIT and 30 acres of container yard at PMT were renovated and reopened for container operations. New warehouses replacing old high-maintenance structures were built at NNMT in 2008 and 2012. These improvements and the recent completion of the VIG Terminal allow the Authority to focus on preventative maintenance rather than repair and results in an effective and reliable operating plant.

The Authority has standing maintenance contracts in place for pavement, fencing and fender replacement. In addition, the Authority periodically retains independent consulting engineers to undertake inspections of its facilities and has budgeted in excess of $[739] million toward maintenance and capital improvements in Fiscal Year 2017. VIT, which operates the Port Facilities, also informs the Authority of maintenance and repair requirements as they occur. During the course of executing the new capital projects outlined in the Authority's CIP, the condition of the facilities are continually reviewed and necessary expenses for repairs and preventative maintenance are balanced with capital expansion plans.

Role of Authority

Presently, the operation of the Port Facilities and the relationship between the Authority and VIT is of an operator port and not a landlord port. With minor exceptions, the Authority does not lease the Port Facilities out to third party commercial operators, tenants or shipping companies. Instead it operates all of the Port Facilities through its contractual relationships, the primary of which is with VIT. This business model makes it possible for the Authority to direct and control the movement of cargo through the Port Facilities, and from one Terminal to another, as necessary in response to changes in market conditions, demand, customer needs, damage, destruction, or other variables that may otherwise interrupt the operation of the Port Facilities.

Cargo Handled

Cargo Handled

The Port Facilities are equipped to handle most but not all categories of general cargo. General cargo consists primarily of containerized cargo and breakbulk cargo (*i.e.*, cargo that is too large to fit into a container such as large pieces of equipment). Certain types of bulk cargo, such as petroleum products, grain and coal, are not handled at the Port Facilities but are handled at other facilities located in the Port of Virginia and owned by railroads and other private operators, as noted above. See "**PORT FACILITIES AND OPERATIONS - The Harbor**." Set forth below are the major categories of general cargo handled by the Port Facilities.

Leading Exported and Imported General Cargo Commodities
(Calendar Year)
(Short Tons)

	2011	2012	2013	2014	2015
Exports					
Paper and Paperboard	925,574	1,070,721	1,069,168	976,840	901,543
Wood Pulp	545,493	699,825	843,103	864,696	758,466
Logs and Lumber	511,124	584,624	638,178	770,646	852,913
Soybeans and Products	311,957	508,371	813,475	758,695	844,039
Pet and Animal Feeds	207,270	215,322	289,134	390,139	502,409
Imports					
Furniture	397,934	479,352	524,312	551,034	583,881
Auto Parts	366,673	479,586	471,108	511,662	487,757
Paper and Paperboard	175,526	219,207	195,785	219,032	202,032
Nonalcoholic Beverages	157,022	221,606	217,653	207,126	
Granite	118,584	136,931	197,370	195,804	
Metalware					221,709
Plastic Products					189,888

Source: Port Import Export Reporting Service

Presented below is information concerning volume of general cargo handled at all Authority facilities at the Port of Virginia.

General Cargo Statistics for the Port of Virginia
(Calendar Year)
(Short Tons)

	2011	2012	2013	2014	2015
Breakbulk	291,228	295,940	336,060	328,060	295,720
Container	15,268,380	17,155,583	18,504,243	18,733,342	19,681,990
Total Tons	15,559,608	17,451,523	18,840,303	19,061,402	19,977,710
% Change from Prior Year	1.80%	12.16%	7.96%	1.17%	4.81%

Source: Terminal Operators' Statistics

The following table sets forth the tonnage of general cargo handled at all facilities that comprise the Port of Virginia by geographical origin and destination for exports and imports, respectively. This table includes data for all facilities that comprise the Port of Virginia, some of which are not owned or operated by the Authority. The Authority believes that the Port Facilities handle in excess of 95% of the general cargo transported through the Port of Virginia.

General Cargo At Port of Virginia By Region
(Calendar Year 2015)

	Exports		Imports	
	Short Tons	Percent	Short Tons	Percent
Africa	254,816	3%	132,907	1%
Asia	4,709,267	47	3,651,235	39
Caribbean/Central America	266,693	3	159,087	2
Europe	2,826,472	28	3,478,514	37
India & Others	727,075	7	697,791	7
Middle East	572,211	6	82,053	1
North America	5,861	0	110,954	1
Oceania	47,723	0	17,083	0
South America	604,582	6	992,884	11
Total*	10,014,700	100%	9,322,509	100%

* Totals may not foot due to rounding.

Source: Port Import Export Reporting Service

Shipping Lines

During Fiscal Year 2016, more than 30 shipping lines moved cargo through the Terminals. Listed below are the top 10 shipping lines by container volume using the Terminals during Fiscal Year 2015.

CMA-CGM (America) Inc.	Maersk Line Agency
Evergreen	Mediterranean Shipping
[Hanjin Shipping Co.]	N.Y.K. Lines
Hapag Lloyd Container Line	OCCL USA
K-Line	Yang Ming Houston

VIT has entered into long-term agreements with certain shipping lines for the movement of cargo by VIT through the Terminals. In general, each such agreement provides a shipping line the right for VIT, exclusively in Virginia, to move cargo through the applicable Terminal or Terminals at reduced tariffs but requires the shipping line to guarantee a minimum amount of container volume each year of the agreement. Such agreements are for multi-year terms, are not terminable prior to their expiration dates, except upon the occurrence of specified events of default, and require a timely payment of charges. VIT has executed long term contracts with several ship lines, including contracts that had terms of at least 10 years from the time of original execution. As of June 30, 2015, such long term contracts with shipping line accounted for at least 83.3% of the cargo volume handled by VIT representing approximately $289 million in revenues for Fiscal Year 2015 and 83.8% of VITs expected revenues moving forward. Many of these contracts that were 10 or more years in length are reaching their expiration within the next one to four years and will need to be negotiated, and VPA and VIT expects renewal contracts will carry shorter terms. See "**BONDHOLDER RISK FACTORS - Alliances and Consolidation of Container-Shipping Industry.**"

Hanjin Shipping Co. of South Korea ("Hanjin"), one of the world's largest container shipping companies and a member of __________ shipping alliance, filed for reorganization under South Korean law on August 31, 2016, as well as under Chapter 15 of the U.S. Bankruptcy Code. At the time of its filing, Hanjin was in arrears in the amount of $_____ to the Authority. The Authority's shipping agreement is with the shipping alliance and provides for joint and several responsibility for payments to the Authority. The Authority has implemented various procedures restricting the loading of Hanjin-related cargo on shipping alliance vessels. While the Authority will vigorously seek to enforce its rights with respect to the Hanjin bankruptcy there can be no assurance that the Authority will ultimately be successful in collecting all amounts due and owing the Authority, nor can there be any assurance that future levels of cargo shipped through the Port will not be adversely affected due to the Hanjin bankruptcy. See "**BONDHOLDER RISK FACTORS – Effect of Bankruptcy.**"

From time to time, certain significant users of the Port Facilities, including some listed above, form affiliations for the purpose of operating trade lanes and collectively negotiating group pricing arrangements for the use of the Port Facilities. Such activities are likely to continue. In the event that a partner breaks from an affiliated group, the remaining shipping lines within the affiliation are held responsible for the total container volume guaranteed under the contract. As a general matter, such affiliations do not adversely impact existing contractual relationships with customers.

Marketing/Trade Development Offices

VIT maintains offices throughout the world for marketing the Port of Virginia. In the United States, VIT has offices in Norfolk and Front Royal, Virginia, New Jersey, North Carolina, Michigan, and Tennessee. Internationally, VIT has representation in Brussels, Sao Paulo, Seoul, Hong Kong, Tokyo and

Chennai. These offices call on importers, exporters, inland/ocean carriers, freight forwarders, and customhouse brokers in an effort to acquire new business for the Port Facilities.

Competition

Although the Authority is in competition with facilities at all other United States ports and certain Canadian ports, it competes primarily with the Atlantic coast ports, including the Port of New York/New Jersey, Philadelphia (PA), Baltimore (MD), Wilmington (NC), Charleston (SC), and Savannah (GA). See **Appendix B -** "**CONSULTING ENGINEER'S REPORT**," including under the heading "**Market Position**." Each of these ports has its particular competitive advantages, and facilities located at these ports may be more attractive to shippers than the Port Facilities for a number of reasons, the most important of which may be the proximity of such ports to the final destination of their cargo. The Authority believes that its competitive advantages include the proximity of the Port Facilities to the Atlantic Ocean, the modern and efficient facilities available at the Port Facilities, the Authority's ability and practice to dredge the Harbor to a depth that accommodates the largest container ships now in use or on order, and on-dock rail service, which allows users of the Port Facilities to reach extended markets in a cost effective manner. The Port of Virginia also benefits from the availability of railroad transportation, including double-stack intermodal connectivity with Norfolk-Southern's Heartland Corridor, which allows double-stack trains to run on a more direct route to Chicago and the Midwest from Hampton Roads and thereby reduces average travel time to Chicago by one and a half days. Work on establishing double-stack capacity through CSX's "National Gateway" to the Midwest is underway, anticipated to be complete in late 2016.

The Authority competes for containerized cargo business with facilities located in ports on both the east and west coasts of the United States as a result of the "mini-bridge" tariff concept. Under this concept, railroads and steamship companies are permitted to offer a combined rail-water shipping service under a single tariff for containerized cargo moving between port cities in the United States and overseas ports. As a result of such mini-bridge tariffs, it is not always most economical for goods to be shipped through the United States port closest to the domestic point of origin or destination. Accordingly, mini-bridge and intermodal tariffs have allowed the Authority to pick up a significant share of cargo from the industrial Midwest.

The completion of the widening of the Panama Canal in June 2016 could impact the Authority's market share, as could increases in the level of competition from east coast and other ports that engage in the businesses and handle the same cargo as that handled by the Port Facilities due to expansion of such competing ports or otherwise. See "**BONDHOLDER RISK FACTORS – Competition**" and **Appendix B -** "**CONSULTING ENGINEER'S REPORT**," including under the heading "**Market Position.**"

Set forth below is information concerning the volume of containers handled by certain major east coast ports.

Major U.S. East Coast Ports
Container Statistics in Calendar Years
(TEU*)

Port	**2011**	**2012**	**2013**	**2014**	**2015**
New York/New Jersey	5,503,485	5,529,908	5,467,345	5,772,303	6,371,720
Philadelphia (PA)[(1)]	291,091	267,377	366,851	449,098	427,630
Baltimore (MD)[(2)]	631,804	678,262	705,230	770,139	840,314
Port of Virginia[(3)(4)]	1,918,029	2,105,886	2,223,532	2,393,038	2,549,270
North Carolina Ports	287,469	270,792	260,363	280,347	291,873
Charleston (SC)	1,381,352	1,514,585	1,601,366	1,791,986	1,973,204
Savannah (GA)	2,944,668	2,966,221	3,034,014	3,346,024	3,737,403
Total	**12,957,898**	**13,333,031**	**13,658,701**	**14,802,935**	**16,191,414**

* Twenty Foot Equivalent Units
(1) Without other Delaware River ports
(2) Baltimore data for Maryland Port Administration's Facilities only
(3) Includes volume at the former APM Terminal (now the VIG Terminal) during the first seven months of 2010 calendar year, which was prior to the Authority entering into the lease agreement with APM to operate the former APM Terminal (now the VIG Terminal).
(4) Partial year TEU data for the most recent available periods can be found at www.portofvirginia.com.
Source: Terminal Operators' Statistics, and the American Association of Port Authorities.

Insurance

The Authority has agreed under the Bond Resolution to cause VIT to maintain insurance on the Port Facilities against such risks as are customarily insured against in connection with the operation of marine terminal facilities, in amounts agreed upon by VIT and the Authority. Such insurance may, at the Authority's option, be provided by self- insurance. The Port Facilities are currently insured by VIT through four mutual insurance companies: TT Club Mutual Insurance Limited (the "TT Club") with respect to property and liability, Ace American Insurance Company with respect to excess property coverage, XL Specialty Insurance Company ("XL Specialty") with respect to excess liability coverage and Signal Mutual Indemnity Association Limited with respect to workers compensation. Real property (*i.e.*, buildings and non-mobile assets) are insured for replacement cost if declared at replacement cost. Handling equipment less than five (5) years old is insured for replacement cost if declared at replacement cost, while such equipment that is over five (5) years old is insured for indemnity value (depreciated cost). Under current terms, all handling equipment is insured for actual cash value, per TT Club form negotiated in 2013. "Five (5) years old" means delivered by the manufacturer five (5) years before the start of the account year in which the accident occurs. A property loss limit of $240 million is in place. The first $10,000,000 is provided through the TT Club and the $230 million excess property coverage is provided through Ace American Insurance Company. TT Club provides $10 million in liability coverage and $15 million in excess liability coverage is provided through XL Specialty. Property coverage is subject to various deductibles and policy limits, depending on the nature of the loss. VIT's property insurance also includes coverage for damages sustained as a result of a terrorist attack on the Port Facilities, as determined by the United States Secretary of the Treasury, the United States Attorney General and the United States Secretary of State pursuant to the Terrorist Risk Insurance Act ("TRIA"), up to a total limit of $240 million. VIT has liability coverage with a general limit of $25 million subject to various policy sub limits. Due to the flexibility afforded VIT by operating four separate Terminals and the redundancy thereby created (see "**PORT FACILITIES AND OPERATIONS - Role of Authority**"), the rare chance of a disaster interrupting or shutting down all four Terminals at once, combined with the maintenance by VIT and the Authority of cash operating reserves (See "**SECURITY FOR THE SERIES 2016 BONDS - Flow of Funds Pursuant to the Bond Resolution**"), VIT does not maintain business interruption insurance. Under the current program, VIT does have business interruption coverage, total amount of $81 million for VIG only. The Authority believes that the insurance coverage maintained by VIT is in compliance with the Bond Resolution. The Authority and the Commonwealth of Virginia are named as insureds on certain policies as required under Section 708(iii) of the Bond Resolution.

The Authority is also required under the lease agreement with VIG to maintain, or cause VIT to maintain, insurance on the VIG Terminal, including commercial general liability insurance (combined single limit of $10 million per occurrence), as well as workers' compensation, employers' liability, automobile liability insurance and risk property damage insurance (combined single limit of $150 million per year). VIG is also required to maintain liability insurance covering the activities of specified VIG insureds on the premises, including commercial general liability insurance (minimum combined single limit coverage for bodily injury and property damage of $10 million), with the Authority and VIT as additional insureds. The lease agreement allocates primary and secondary coverage among the parties' respective insureds. The Authority believes that the insurance coverage maintained by VIT is in compliance with the lease agreement.

Separately, the Authority maintains insurance coverage for real and personal property for assets other than those included as part of the Port Facilities, general liability, business automobile, umbrella coverage and workers' compensation insurance. See "**RISK FACTORS - Risk of Terrorist Attacks**" and "**Insurance - Related Risks**."

In addition to carrying insurance against the risk of terrorist attacks, the Authority has taken steps to enhance security at the Port Facilities. To help pay the cost of these enhancements, the Authority has applied for and been awarded an aggregate amount of approximately $[4,515,300] in grants and other monies from the United States government to be used by the Authority in its discretion for this purpose. See "**PORT FACILITIES AND OPERATIONS - Security**."

Security

The Virginia Port Authority Police Department is responsible for providing a full range of law enforcement services at, and near, NIT, NNMT, PMT and VIP. Traditionally, this function has focused on theft prevention. Since September 11, 2001, emphasis has expanded to encompass terrorist threat protection and access control to the Port Facilities and to the vessels that utilize them. The Port Facilities were the first in the United States to have a fully operational radiation detection system in place. The police department functions on a 24-hour, seven day per week basis and as of December 31, 2015 comprised more than [twenty-five] percent of the agency's personnel. Security is comprised of state-sworn officers, non-sworn staff and contract security. According to international cargo theft statistics, the Authority consistently maintains the lowest pilferage rate of any port in the United States.

Regulation

The operations of the Authority are regulated by various government agencies. The Authority's tariffs are filed with the Federal Maritime Commission (the "Commission") pursuant to the Shipping Act of 1984. Although the Commission has the authority to enjoin such tariffs after an investigation upon complaint or its own motion, such action has never been taken with respect to the Authority. Regulations of the Commission, the Army Corps of Engineers, the Environmental Protection Agency, the Department of the Interior, the Department of Commerce, the National Oceanographic and Atmospheric Administration, the Coast Guard and the Occupational Safety and Health Administration, as well as regulations of local and state governmental bodies and other federal authorities, may also affect the Authority.

The Authority believes that it is presently in substantial compliance with the regulations of all such regulatory bodies.

Labor Relations/ILA Contracts

VIT is a signatory to collective bargaining agreements with the International Longshoremen's Association ("ILA") for its ILA employees who are involved with the handling, transfer and storage of cargo passing through the Port Facilities. VIT's master contract with ILA expires on September 30, 2018. State law in Virginia prohibits the Authority from being a party to collective bargaining agreements. VIT and other employers in the Port of Virginia have a local contract negotiated by the Hampton Roads Shipping Association with the ILA, which was ratified in September 2013.

VIT is signatory to the collective bargaining agreement between the Hampton Roads Shipping Association ("HRSA") and the International Longshoremen's Association ("ILA"). VIT is a member of the HRSA and holds positions on the Executive Board and Board of Directors, as well as on all of the committees relating to arbitration and negotiation. The CBA covers the ILA-represented employees who are involved with the handling, transfer and storage of cargo passing through the Port Facilities. The local CBA agreement is negotiated in parallel with the "master contract" between the ILA and USMX, which expires on September 30, 2018. VIT's involvement in such agreements with respect to ILA employees is necessitated by existing State law in Virginia that prohibits the Authority from being a party to collective bargaining agreements. VIT and other employers in the Port of Virginia have a local contract specifying local conditions which is negotiated by the Hampton Roads Shipping Association with the ILA, which was ratified in September 2013.

Depending on demand and other circumstances on a given day (weather, number of vessels working, etc.), there can be between 400 and 800 ILA-represented workers employed by VIT. Over the last 30 years, no labor dispute in the Port of Virginia has ever resulted in a work stoppage. The Authority views the ILA as a cooperative partner in the operation of the Port Facilities.

CAPITAL INVESTMENT PLAN

The Capital Investment Plan

The Authority is required by statute to develop a six-year capital investment plan (the "CIP"). The current CIP identifies projects totaling $1.533 billion in future dollars (adjusted for inflation). The CIP contemplates a mix of projects across various Port Facilities as summarized in the table below.

Port Facility	Project and Funding
NIT	• replacement of existing straddle carrier fleet with new container handling equipment • construction of second truck gate providing direct access to the interstate system with direct connection to the future Hampton Roads Third Harbor Crossing • 12-acre expansion of North Terminal container yard • demolition of outdated warehouses and construction of additional on-dock rail • infrastructure improvements and replacements • acquisition of additional ship-to-shore cranes Total CIP projects at NIT are estimated at $976 million, of which the Authority anticipates approximately $365 million in funding from state and federal grant programs.
VIG Terminal	• expanded container yard, intermodal yard, gate facility and container wharf • replacement of end-of-life technology components • expansion of the rail container staging yard Total CIP projects at the VIG Terminal are estimated at $440 million. See **"BONDHOLDER RISK FACTORS - Risks Resulting from the VIG Transaction and under the VIG Terminal Expansion Documents."**
PMT	• repairs to the wharf structure and fender system • dredging to maintain published basin depth Total CIP projects at PMT are estimated at $11.9 million.
NNMT	• maintenance of railroad track, pavement, buildings and mooring equipment Total CIP projects at NNMT are estimated at $9.8 million.
VIP	• modernizing intermodal yard Total CIP projects at VIP are estimated at $32.8 million.
RMT	• pavement replacement, rail improvements, structural repairs • removing obsolete and deteriorated structures Total CIP projects at VIP are estimated at $12.3 million.

Given the above program of planned capital expenditures, the Authority has developed an anticipated schedule of funding sources. The sources of funds for the CIP include state and federal grants, pay as you go contributions arising from net income generated by the Port Facilities and the future issuance of Additional Bonds, CPF Bonds and Subordinate Obligations (through equipment financing). The table below summarizes these anticipated sources and uses and was developed using the forecasted revenues and expenses prepared by the Consulting Engineer as modified and augmented by financial data provided by the Authority.

CIP Sources of Funding

($ in millions)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total
CPF Bonds											
Senior Lien Port Facilities Bonds											
Subordinate Lien Equipment Financing											
State and Federal Grants											
Pay-as-you-go Funds											
Total											

As of December 31, 2015, the Authority had been awarded $[33.1] million in state and federal grants for capital projects (not including amounts awarded with respect to the Craney Terminal project or the related dredging, described below).

Master Plan

The Authority has historically prepared a master plan that establishes a comprehensive plan for how its principal facilities will be aligned and/or adapted to meet current and forecasted cargo demands. On January 15, 2016 the Authority released its master plan for the period ending in 2065 (the "2065 Master Plan"). The 2065 Master Plan updates and extends the Authority's previous 2040 Master Plan, which was initially prepared in 2000 and updated at least once every two years in response to projected demand and evolving market circumstances as required under the former Service Agreement with VIT. Copies of the Executive Summary of the Authority's 2065 Master Plan may be obtained at the expense of the requesting person from the offices of the Authority at 600 World Trade Center, Norfolk, Virginia 23510, by phone at 757-683-8000 or via the Authority's website at www.portofvirginia.com.

VIG Terminal Expansion

The VIG Terminal Expansion will expand the VIG Terminal to its full build out condition, including an expanded container yard, intermodal yard, gate facility and container wharf. Individual elements of the expansion will be placed into service as completed and will provide incremental capacity improvements over the course of construction, which include a 650-foot berth extension; 13 new container yard stacks with automatic stacking rail-mounted gantry cranes (RMGs); rail yard expansion utilizing cantilever RMGs; 4 new inbound gate lanes; grading, paving, drainage, utilities and pavement markings; light pole foundations, crane rails, crane tie downs and reefer racks; utility services; and radiation portal. See "**PORT FACILITIES AND OPERATIONS – Terminals and Intermodal Facilities – *VIG Terminal***."

NIT Optimization

The Authority's CIP focuses on the utilization of NIT through new container handling equipment, technology enhancements, operational enhancements and access projects intended to further increase capacity and efficiency. Modernizing container operations at NIT by deploying RMG cranes similar to the VIG Terminal, offers substantial long-term operational cost savings while also providing increased storage capacities. Construction of infrastructure to support RMG operations is scheduled to begin in 2017 and includes upgrades to NIT's electrical distribution and date systems, installation of crane rails and modification of utility and lighting systems. The Commonwealth is providing $350 million to fund such improvements at the NIT South Facility (the "NIT South Facility Optimization"). See "**PORT FACILITIES AND OPERATIONS – Terminals and Intermodal Facilities – *Norfolk International Terminals***."

Similar improvements are scheduled to occur at the NIT North Facility and NIT Central Facility within the planning horizon of the CIP.

Craney Island Marine Terminal

The Authority's CIP is designed to ensure that the cargo handling capacity of the Port Facilities expands in response to projected increases in demand in the long term. Expansion plans include the construction of a 522 acre marine terminal to be known as "Craney Island Marine Terminal" (the "Craney Terminal"), which is expected to be constructed in four phases, with Phase 1 of the marine terminal estimated to open in 2040. The U.S. Army Corps of Engineers issued its final Record of Decision and Chief's Report in October 2006, which recommended an eastward expansion of the Craney Island Dredged Material Management area to accommodate dredged material and the construction of the Craney Terminal. In November 2007, Congress authorized a 50/50 cost share for the Craney Island Eastward Expansion as part of the Water Resources Development Act. To date, $[26.9] million in federal funds have been appropriated.

Within the planning horizon of the CIP, approximately $983 million is anticipated to be invested, with approximately $370 million being funded through federal and state programs. Since construction began in December 2010, the South and Divisions Cross Dikes have been built up to more than five feet above water. Congress authorized the conveyance of the 600-acre expansion of Craney Island to the Authority. Pursuant to the Authority's present plan, Phase I of the marine terminal is scheduled to become operational in 2040 and will consist of approximately 100 acres of container yard, 3,000 linear feet of wharf, 8 Suez-Class container cranes, an on-terminal Intermodal Container Transfer Facility and a capacity of approximately 1.3 million TEUs. Additional phases will be completed to keep pace with demand. Phases II and III will each provide an additional 1,800 linear feet of wharf, 6 cranes, and 100 acres of container yard; and Phase IV will provide an additional 1,800 linear feet of wharf, 8 cranes, and 120 acres of container yard. As currently planned, full build out of the Craney Terminal will include 522 acre state of the art container terminal; 8,400 feet of wharf; 7 berths; 28 Suez class container cranes; on-dock intermodal container transfer facility; capacity of approximately 5 million TEUs.

Road and rail access will be provided through a dedicated corridor to Route 164. The Craney Terminal has also been designed to accept an interchange from the proposed Third Harbor Crossing, which is a major transportation goal for the Hampton Roads region. The Authority has incurred expenditures commencing in Fiscal Year 2010 for preliminary engineering, design, permitting, environmental mitigation, and site preparation relative to the Craney Terminal.

FINANCIAL OPERATING RESULTS

Historical Operating Results for VIT

Historically, transfers from VIT have represented the principal source of the Authority's Gross Revenues, from which Net Revenue and Aggregate Net Revenue are derived, all as described in "**SECURITY FOR THE SERIES 2016 BONDS**." Audited revenues and expenses for VIT for the five Fiscal Years ended June 30, 2011 through June 30, 2015, unaudited results for the Fiscal Year ended June 30, 2016 [and interim results for Fiscal Year 2017 to date] appear below.

VIRGINIA INTERNATIONAL TERMINALS
SCHEDULE OF REVENUES AND EXPENSES

Fiscal Year	2011	2012	2013	2014	2015	2016 (unaudited) (1)
Revenues:						
Operating	$277,860,792	$297,835,649	$339,460,135	$383,714,148	$440,841,866	$439,087,837
Non-operating	480,515	873,907	(148,527)	224,937	17,678	70,381
Total Revenues	$278,341,307	$298,709,556	$339,311,608	$383,939,085	440,859,544	439,158,218
% Change from Prior Year	36.43%	7.34%	8.19%	9.11%		
Expenses:						
Operating & Maintenance	$ 168,749,795	$ 172,705,671	$ 215,133,442	$ 259,952,652	$280,794,678	$276,611,205
General and Administrative	30,620,713	32,698,897	27,510,957	29,373,020	34,145,101	41,788,145
Total Expenses	199,370,508	205,404,568	242,644,399	289,325,672	314,939,779	381,399,350
Income Before Transfers and Contributions(2)	$ 78,970,799	$ 93,304,988	$ 96,667,209	$ 94,613,413	$125,919,765	$120,758,868
Ops Exp/Ops Rev	60.5%	57.8%	61.6%	65.4%		63.0%
Admin Exp/Ops Rev	11.1%	11.0%	9.7%	7.6%		9.5%

Source: Audited VIT financial statements for Fiscal Years ended June 30, 2011 through June 30, 2015 and unaudited VIT financial statements for the Fiscal Year ended June 30, 2016. Does include VIT's component unit, HRCP II, or former subsidiary Virginia Intermodal Management, LLC (whose activities and accounts were absorbed into HRCP II effective October 1, 2013).

(1) VIT has prepared unaudited financial statements for the Fiscal Year ended June 30, 2016. Although VIT believes the unaudited results are accurate, VIT's actual fiscal year end results could differ based on a number of factors, such as typical adjustments to fiscal year end results during the course of the outside audit.

(2) The financial information relative to VIT set forth in this table is computed on an accrual basis. As a result, the amounts set forth in the line item "Income Before Transfers and Contributions" does not represent net cash transferred by VIT to the Authority. However, such information is an accurate representation of the financial performance of VIT.

Management's Discussion of VIT Operating Results *[To be updated with interim FY 2017 data, as applicable]*

During the five-year period beginning with Fiscal Year 2011 through Fiscal Year 2015, VIT revenues increased from the prior year by 36.43%, 7.34%, 8.19%, 9.11% and _____%, respectively. Fiscal Year 2011 marked the first year of the lease agreement with APM to lease facilities and equipment owned by VIG Terminals. This arrangement along with an overall improving economy resulted in higher container volume and revenue for Fiscal Year 2011. Revenue continued to increase in Fiscal Year 2012 as the economy continued to improve and marketing efforts were implemented. Four new services and two new "last-out" services were added during Fiscal Year 2012, which contributed to volume and revenue increases over the prior year. Growth continued in both Fiscal Years 2013 and 2014 due to increased volume, particularly rail volume, over prior years.

Operating and maintenance expenses as a percent of operating income decreased from 60.5% in Fiscal Year 2011 to 57.8% in Fiscal Year 2012 due primarily to efficiency gains and lower maintenance costs associated with greater utilization of the VIG Terminal. In Fiscal Year 2013, there was a slight increase in operating and maintenance expenses as a percent of operating income as rail volume (with its higher handling costs) became a greater percentage of total volume. This trend continued in Fiscal Year 2014 as rail volume as a percentage of total volume climbed to an all-time high compared to historical periods. Additionally, in Fiscal Year 2014, maintenance expenses increased over prior years due to age of equipment and the need to address deferred maintenance repairs.

Administrative expenses as a percent of operating revenue decreased from _____% in Fiscal Year 2011 to 7.7% in Fiscal Year 2014 due to continued focus to maintain efficiencies in Fiscal Years 2010 through 2012 and reorganization efforts to reduce overall costs in Fiscal Years 2013 and 2014.

[VIT's net position grew in Fiscal Year 2016 by $12.4 million or 11%, principally due to the $120.7 million in operating income less required transfers to the Authority (approximately $108.8 million). This compares with the increase in net position for the Fiscal Year 2015 of $33.9 million. The lower increase in Fiscal Year 2016 is attributable partially to $5.2 million of lower operating income as discussed below, but mostly due to the timing of transfers to the Authority that are determined on the basis of operating cash inflows and outflows ($14.0 million higher for Fiscal Year 2016) as well as the maintenance of certain required cash balances.

Operating income declined from $125.9 million for Fiscal Year 2015 to $120.8 million for Fiscal Year 2016. Operating revenues were basically flat at approximately $440 million, with higher revenues associated with a 1.3% (18,059 unit) increase in container volume offset by lower ancillary revenues related to lower container congestion at the terminals. Terminal operations expense declined by $6.2 million related to cost control measures and the effect of the lower congestion; however, maintenance expense was $1.8 million higher year over year and general administrative expense was $7.9 million higher year over year due to investments in capability through refurbishment activity and a full year implementation of the shared services agreement between the Authority and VIT which requires VIT and HRCP to compensate the Authority for a calculated pro rata share of common administrative cost centrally incurred by the Authority (for example, Finance, Human Resources, Risk Management, etc.).

Transfer payments made to the Authority for Fiscal Year 2016 were $14 million higher than Fiscal Year 2015 as a result of improved collections experience in Fiscal Year 2016 and the timing of operating cash flows. Improved collections experience and moderated operating costs resulted in increased calculated transfer payments across the span of Fiscal Year 2016.

VIT's current ratio declined slightly from 4.0 at June 30, 2015 to 3.7 at June 30, 2016. The decrease is attributable to the higher total of transfer payments made to VIT during Fiscal Year 2016, however the net working capital of $101.7 million ($41.1 million of which is in the form of cash and investments) is considered sufficient to provide adequate liquidity into the coming fiscal year. Current assets at June 30, 2016 exceeded total liabilities by $89.9 million.

During Fiscal Year 2016, VIT invested $8.3 million in leasehold improvements and capital expenditures, principally related to technology enhancements to support terminal operations, but also related to terminal equipment and vehicles. Additionally, HRCP upgraded its chassis fleet by purchasing 500 additional chassis for a net investment of $5.5 million. During Fiscal Year 2016, VIT disposed of various assets having a cost basis of $6.3 million and net book value of $497 thousand. After proceeds related to the dispositions, the net loss on disposal was approximately $94 thousand.]

Historical Operating Results for the Authority

Audited revenues and expenses for Authority for the five Fiscal Years ended June 30, 2011 through June 30, 2015, unaudited results for the Fiscal Year ended June 30, 2016 [and interim results for Fiscal Year 2017 to date] appear below.

VIRGINIA PORT AUTHORITY/ VIRGINIA INTERNATIONAL TERMINALS, LLC.

Consolidated Statement of Revenues, Expenses and Changes in Net Position

	2011 Restated	2012 Restated	2013 Restated	2014 Restated	2015	2016 Unaudited
Operating Revenues:						
Terminal operating revenues	$277,856,791	$297,835,649	$339,460,135	$383,714,148	$440,841,866	$439,087,837
Other revenues	6,274,000	6,519,292	7,970,579	7,762,729	9,147,626	9,339,787
Operating revenues -Grants	3,596,326	6,283,332	4,903,439	5,192,084	6,179,493	6,390,908
Total operating revenues	287,727,117	310,638,273	352,334,153	396,668,961	456,168,985	454,818,532
Operating Expenses:						
Terminal operations	121,983,405	128,782,659	153,682,077	176,243,834	198,126,233	191,647,723
Terminal maintenance	54,745,598	54,936,881	70,958,589	92,160,744	92,737,533	95,361,699
General and administrative	47,905,140	51,903,912	43,556,452	46,063,032	49,318,501	59,703,415
Facility Rental	32,538,640	37,063,827	47,229,466	52,479,613	55,679,447	55,618,729
Depreciation and amortization	50,630,851	49,271,899	47,979,055	46,612,042	46,693,840	47,731,492
Total operating expenses	307,803,634	321,959,178	363,405,639	413,559,265	442,555,554	450,063,058
Operating income (loss)	(20,076,517)	(11,320,905)	(11,071,486)	(16,890,304)	13,613,431	4,755,474
Non-operating revenues (expenses)						
Interest income	1,181,739	1,510,827	333,654	555,518	459,132	722,931
Interest expense	(23,007,021)	(26,066,078)	(21,663,809)	(20,166,510)	(14,160,492)	(18,160,286)
Bond Issue Costs	(538,986)	(734,427)	(917,063)	(69,000)	(1,024,231)	(489,036)
Contra-Interest Expense	4,022,070	2,995,341	1,131,891	3,278,126	-	-
Revenues/expenses (VEDP)	-	-	-	-	-	1,690,873
Commonwealth Rail Relocation income (& ARRA)	2,014,416	6,375,798	244,424	-	-	-
Commonwealth Rail Relocation expenses	(2,272,191)	(6,296,498)	(394,990)	(133,770)	-	-
Proceeds from federal government	12,588,643	-	-	626,643	740,452	9,653,436
Proceeds (to) from primary government	(261,468)	-	-	306,335	1,324,350	(187,951)
Transfers to federal government - channel dredging	-	-	-	-	-	(5,722,955)
Other income (expense)	8,996	8,722	-	-	-	2,744
Gain (loss) on disposals	88,879	(15,266,083)	708,585	2,652	-	(1,107,131)
Income (loss) before capital contributions and transfers	(26,251,440)	(48,793,303)	(31,628,794)	(32,490,310)	952,642	(8,841,901)
Capital contributions and transfers						
Commonwealth Port Fund allocation	34,717,391	36,252,985	37,223,718	36,652,218	38,418,111	41,481,608
Capital contributions (to) from component unit	-	-	-	11,000	2,665,000	-
Proceeds (to) from other state agencies	-	-	-	-	-	4,789,728
Proceeds from federal government	-	4,612,432	3,471,137	-	-	-
Proceeds (to) from primary government	-	(297,267)	(158,628)	-	-	-
Cumulative Impact of GASB Equity Adjustment	-	-	-	(29,915,563)	-	-
Change in Accounting Principal**	-	-	12,207,272	-	-	-
Prior Period Adjustment	-	(4,564,965)	-	-	-	-
Increase (decrease) in Net Position	8,465,951	(12,790,118)	21,114,705	(25,742,655)	42,035,753	37,429,435
Net Position - Beginning of Year	451,598,449	460,064,400	447,274,281	468,388,986	442,646,331	484,682,084
Net Position - End of Year	$460,064,400	$447,274,281	$468,388,986	$442,646,331	$484,682,084	$522,111,519

Source: Audited Authority financial statements for Fiscal Years ended June 30, 2011 through June 30, 2015 and unaudited Authority financial statements for the Fiscal Year ended June 30, 2016.

(1) The Authority has prepared unaudited financial statements for the Fiscal Year ended June 30, 2016. Although the Authority believes the unaudited results are accurate, the Authority's actual fiscal year end results could differ based on a number of factors, such as typical adjustments to fiscal year end results during the course of the outside audit.

Management's Discussion of Authority Operating Results *[To be updated with interim FY 2017 data, as applicable]*

During the five-year period beginning with Fiscal Year 2011 through Fiscal Year 2015, VIT gross cash receipts increased from the prior year by 35.3%, 8.8%, 12.0%, 5.6% and _____%, respectively. The increase in Fiscal Year 2011 was primarily due to the addition of the VIG Terminal and the beginning of an improvement to the overall economy. Fiscal Years 2012 and 2013 brought an additional increase in gross cash receipts due to the continued strengthening of the economy and focused marketing efforts. The Fiscal Year 2014 decrease in VIT Net Revenue was primarily the result of additional incentives offered to customers to attract additional volume.

From Fiscal Year 2011 to Fiscal Year 2015, VIT's Current Expenses as a percent of VIT gross receipts decreased from reduced union labor, establishment of empty container yards, both on and off the Terminals, energy savings and maintenance staff payroll reductions.

VIT Capital Expenditures fluctuate annually based on the amount of capital expenditures made by VIT and the timing of those expenditures.

Current Expenses of the Authority increased from approximately $_____ million in Fiscal Year 2011 to approximately $_____ million in Fiscal Year 2015, primarily as a result of paying rent for the lease agreement with APM beginning in Fiscal Year 2011.

The Board approved the Fiscal Year 2017 budget of the Authority on June 7, 2016, which budget included the following assumptions: [3.08]% overall growth in total container volume, operating revenue growth of approximately [8.9]%, [5.8]% increase in head count and VIT operating expense increase of [3.9]%. Overall operating income was budgeted to increase by $_____ million from Fiscal Year 2016 estimates.

Audited Financial Statements

The financial statements of the Authority, as of and for the Fiscal Year ended June 30, 2015, included in **Appendix A** have been audited by PBMares, LLP, Harrisonburg Virginia.

ACTUAL OPERATING RESULTS AND HISTORICAL DEBT SERVICE COVERAGE

The following table presents actual operating results of VIT and the Authority and historical debt service coverage prepared on a cash basis in accordance with the 1997 Bond Resolution for the five Fiscal Years ended June 30, 2011 through June 30, 2015.

ACTUAL OPERATING RESULTS AND HISTORICAL DEBT SERVICE COVERAGE – CASH BASIS[1]

	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015
Virginia International Terminals					
VIT Gross Receipts	$ 262,193,694	$ 285,172,289	$ 319,328,899	$ 312,014,454	$356,486,579
VIT Current Expenses	(178,543,458)	(197,617,574)	(222,110,006)	(223,495,865)	(258,033,599)
VIT Current Expense (CE) Reserve (Deposit)/ Withdrawal	(900,000)	1,562,000	-	(2,595,997)	3,450,564
VIT Deposits to CEMA **(A)**	(3,842,153)	(4,701,389)	(4,635,516)	(9,243,097)	(7,215,154)
Fixed Asset Proceeds/ExpenseCredit	-	385,738	(768,363)	(733,364)	(673,155)
VIT Net Revenue	78,908,083	84,801,064	91,815,013	81,138,125	94,015,235
Virginia Port Authority					
VPA Gross Revenues					
VIT Net Revenue	78,908,083	84,801,064	91,815,013	81,138,125	94,015,235
Other Income[2]	6,126,614	6,357,859	8,881,695	6,924,491	7,990,753
Interest Income[3]	73,737	28,359	98,956	9,066	140,228
Total VPA Gross Revenues	85,108,434	91,187,282	100,795,664	88,071,682	102,146,215
VPA Current Expenses	(55,359,088)	(65,269,973)	(70,046,960)	(72,577,974)	(78,801,935)
VPA Net Revenue **(B)**	29,749,346	25,917,310	30,748,704	15,493,708	23,344,281
VPA CPF for O & M **(C)**	5,604,072	4,032,026	3,704,328	4,337,882	3,764,820
Debt Service Coverage					
Series 2003 Bonds, Series 2006 Bonds, Series 2007 Bonds, Series 2010 Bonds and Series 2013 Bond	17,780,512	17,389,491	17,571,928	15,113,582	13,332,637
Pledged Net Revenues (**B - A)**	33,591,499	30,618,699	35,384,220	24,736,804	30,559,435
Pledged Adjusted Net Revenues **(B - A + C)**	39,195,571	34,650,725	39,088,547	29,074,686	34,324,255
Pledged Net Revenue Coverage (1.1x test)	1.89	1.76	2.01	1.64	2.29
Pledged Adjusted Net Revenue Coverage (1.35x test)	2.20	1.99	2.22	1.92	2.57

Source: Table prepared by Authority personnel based on audited financial statements of the Authority for the years indicated in accordance with the 1997 Resolution.

(1) For the five Fiscal Years ended June 30, 2011 through June 30, 2015, the required Current Expenses Reserve deposit under the 1997 Resolution was funded by a transfer from the VPA Reserve, Maintenance and Improvement Fund.

(2) The line item for "Other Income" includes security surcharges and operating grants.

(3) For Fiscal Year 2015, the line item for "Interest Income" represents Other Income plus Interest Income.

REPORT OF THE CONSULTING ENGINEER

The Authority has engaged its Consulting Engineer to prepare a report that describes the Authority's capital investment plan through Fiscal Year 2030 and presents forecasted revenues and expenses for the Authority and VIT through Fiscal Year 2030. The most current version of the Consulting Engineer's report, dated __________, 2016, is included as **Appendix B**. The Consulting Engineer's report is part of this Official Statement and potential purchasers of the Series 2016 Bonds should read such report in its entirety. In preparing the Consulting Engineer's report, the market area served by the Port of Virginia was reviewed and observed to provide the opportunity for continued growth in containerized cargo through the port's facilities. The Consulting Engineer's report concludes that within the planning horizon additional capacity will be necessary to accommodate this growth; however, the level of investment reflected in the CIP supports VPA's efforts to expand terminal capacity to meet projected demand through the VIG Terminal Expansion and the NIT South Facility Optimization as well as the construction of the future Craney Terminal.

The projections included in the Consulting Engineer's report are based on (i) cargo capacity for the Port Facilities through Fiscal Year 2024 developed by the Consulting Engineer, and (ii) assumptions by the Consulting Engineer (a) with respect to prospective operating, maintenance, administrative and capital expenses of VIT and the Authority, and (b) that demand in total and by mode will be met by the Authority through strategic allocation of ship services between Terminals and that cargo will not be diverted to competing ports, and certain other matters.

The Consulting Engineer notes, however, that although it believes that the assumptions used by the Consulting Engineer and the Authority are reasonable and provide an appropriate basis for the forecasted revenues and expenses, any forecast is subject to uncertainties, that some assumptions used as basis of the forecast will not be realized, that unanticipated events and circumstances may occur, that there are likely to be differences between the forecast and actual results and that those variations could be material. The Consulting Engineer's report should be read in its entirety for an understanding of the forecast and underlying assumptions and limitations contained therein. The Consulting Engineer has no responsibility to update such report because of events and transactions occurring after the date of such report and such report has not in fact been revised. See "**FORWARD-LOOKING STATEMENTS**" and "**BONDHOLDER RISK FACTORS - Actual Results May Diverge from Projections"** below.

FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this Official Statement, including the Appendices hereto, constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "anticipate," "intend," "believe," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the Authority's forecasts in any way, regardless of any level of optimism communicated in this Official Statement, including the Appendices hereto. The Authority will not issue any updates or revisions to forward- looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based, change.

PROJECTED OPERATING RESULTS AND PROJECTED DEBT SERVICE COVERAGE

The following table presents the Authority's projections for Aggregate Net Revenue, Aggregate Adjusted Net Revenue and debt service coverage through Fiscal Year 2030. The forecast presents management's expectations based on various assumptions described herein, financials developed by the Authority, information contained in the Consulting Engineer's report appended hereto as **Appendix B** and financial analysis prepared by the Authority's financial advisor.

The Net Revenue projections included in the table are provided by the Authority, and are based on (i) cargo capacity for the Port Facilities through Fiscal Year 2024 developed by the Consulting Engineer and (ii) assumptions by the Consulting Engineer (a) with respect to prospective operating, maintenance, administrative and capital expenses of VIT and the Authority, and (b) that demand in total and by mode will be met by the Authority through strategic allocation of ship services between Terminals and that cargo will not be diverted to competing ports, and certain other matters. For a better understanding of these assumptions, the Consulting Engineer's report should be read in its entirety.

The Adjusted Net Revenue projections for each Fiscal Year have been derived by the Authority by adding to Net Revenue moneys projected by the Authority to be available from the Commonwealth Port Fund for Authority operating and maintenance expenses for each such Fiscal Year. The Net Revenue debt service coverage ratios and Adjusted Net Revenue debt service coverage ratios have been calculated by the Authority for each of the Fiscal Years based on current debt service assumptions related to the Bonds and estimates of future borrowing, which is subject to change. For a description of debt service coverage requirements for the Bonds, see "**SECURITY FOR THE SERIES 2016 BONDS - Rate Covenant**."

Actual future Net Revenue, Adjusted Net Revenue, Aggregate Net Revenue and Aggregate Adjusted Net Revenue of the Authority may vary from those presented below. None of the Authority, the Financial Advisor, the Underwriters or the Consulting Engineer warrants or represents that the estimates and projections in the table will be met. In addition, the Authority gives no assurances that the actual financial results of the VPA will meet or exceed the estimates and projections set forth in the tables. See "**FORWARD-LOOKING STATEMENTS**" and "**BONDHOLDER RISK FACTORS - Actual Results May Diverge from Projections.**"

Projected Operating Results and Projected Debt Service Coverage

[To Come]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Liquidity Risks

The VIG Transaction and the undertaking of a large and costly CIP will present cash flow and liquidity risks to the Authority, such that it might not have adequate working capital for its needs. While the Authority has attempted to provide for enhanced liquidity through the flow of funds under the Bond Resolution, an unexpected shortfall in Net Revenues or increase in costs could result in reduced liquidity and/or working capital.

Competition

The Authority and VIT face competition in the operations of the Port Facilities from other ports, principally those located on the east coast of the United States. See "**PORT FACILITIES AND OPERATIONS - Competition**." Increases in the level of competition from east coast and other ports that engage in the businesses and handle the same cargo as that handled by the Port Facilities due to expansion of such competing ports or otherwise, may have an adverse impact on the revenues of VIT and the Authority, which would result in a decrease in Aggregate Net Revenue, which would have a detrimental impact on the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds.

The expansion of the Panama Canal will require U.S. ports to deepen their channels to 50 ft. in order to accommodate Post-Panamax vessels. The Port is currently prepared to accommodate the larger Post-Panamax vessels at its two major container terminals, which have 50 ft. channels, and is in the early stages of permitting to deepen to 55 ft., as already authorized by the US Army Corps of Engineers. *[Other factors, such as technologically advanced assets, etc.]*

Limitations on Capacity; Accessibility of the Terminals

The Authority's ability to sustain its operations in the long term will depend on its ability to implement its CIP and, ultimately, to execute its 2065 Master Plan, including the completion of the Craney Island Marine Terminal. See "**CAPITAL INVESTMENT PLAN - Craney Island Marine Terminal**." Implementation by the Authority of its CIP and 2065 Master Plan will be necessary to increase the capacity of the Port Facilities to handle projected increases in volumes of cargo in the long term. In the event that the Authority is unable to implement its CIP, or if one or more factors, including unforeseen increases in construction, materials, or equipment costs, uninsured losses attributable to damage or destruction of the Port Facilities as a result of military or terrorist activities or otherwise, combine to decrease the capacity of the Port Facilities to handle cargo (or limit the Authority's ability to increase such capacity in accordance with its CIP), the Port Facilities may not generate sufficient revenues to fund Aggregate Net Revenue in an amount necessary to allow the Authority to satisfy its debt service obligations on the Series 2016 Bonds.

The Authority's ability to expand its operations and improve efficiencies in the long term will depend, in part, on the Commonwealth's ability to address funding for, and implement, transportation infrastructure improvements in the Hampton Roads region, and in particular connections with the Terminals. A lack of external transportation infrastructure (road and rail) improvements to accommodate the projected increases in port traffic could lead to increased congestion, transit times, and costs for carriers, creating a competitive disadvantage for the Authority. To the extent that carriers are able to move goods more quickly or efficiently through other ports or accessibility to the Port Facilities is impacted due to deficient external transportation infrastructure in and around Hampton Roads region, the Authority could experience a decline in Aggregate Net Revenue, which would have an adverse impact on the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds.

Alliances and Consolidation of Container-Shipping Industry

Since 2007, the financial health of the container-shipping industry has been under substantial stress because of numerous factors, including, among others, the world financial crisis which began in the fall of 2008, overcapacity of available ships, decreasing freight rates and volatile fuel costs. In response to these challenges, the container-shipping industry has seen the formation of strategic alliances and the merger of certain shipping lines as shipping companies seek to cut costs and better use spare capacity. In general, such arrangements allow companies to offer more frequent or enhanced shipping services but without buying more ships or adding new shipping routes; instead, shipping companies can share space on other alliance members' vessels. A general description of such arrangements follows:

In March 2014, the U.S. Federal Maritime Commission approved a Network Vessel Sharing Agreement (the "P3 Agreement") between the world's three largest container shipping lines, Maersk, CMA-CGM and Mediterranean Shipping Company (collectively, the "P3 Alliance"). The Chinese government did not approve the P3 Alliance, and Maersk and Mediterranean Shipping Company decided to move forward with a new alliance without CMA CGM, known as the 2M Alliance. According to Maersk, the 10-year pact is for Asia-Europe, Transatlantic and Transpacific routes, and covers 185 ships. Additionally, in April 2014, the U.S. Federal Maritime Commission approved an amendment to an existing agreement between APL, Hapag-Lloyd, Hyundai Merchant Marine, NOL, NYK, and OOCL (the "G6 Alliance") that will allow the G6 Alliance to cooperate operationally in the trades between the Far East and the U.S. West Coast, and between Northern Europe and all U.S. ports. In April 2014, Hapag-Lloyd and Compañia Sud Americana de Vapores agreed to merge, creating the world's fourth largest container-shipping line. In August 2014, CMA CGM, China Shipping Container Lines, and United Arab Shipping Co. joined forces to create the 03 (or Ocean Three) Alliance. In December 2014, CKYHE Alliance (COSCO, "K" Line, Yang Ming, Hanjin Shipping, and Evergreen Line) gained U.S. regulatory approval to incorporate Evergreen Line into its vessel-sharing agreement operating in trans-Pacific and Atlantic trade routes. More recently, CMA CGM announced the formation of the "Ocean Alliance," a grouping comprised of China Shipping Cosco Group, the Orient Overseas Container Line and Evergreen Marine. NOL, currently part of the G6 Alliance, was recently acquired by Evergreen, and is anticipated to become part of the Ocean Alliance. The Ocean Alliance is subject to approvals by various regulators, including those in the United States, Europe and China. In late April, 2016, Hapag-Lloyd AG announced that it is in merger discussions with United Arab Shipping Co., which in May, 2016, Hapag-Lloyd AG, Hanjin Shipping, Kawasaki Kisen Kaisha ("K"-Line), Mitsui OSK Line (MOL), Nippon Yusen Kaisha (NYK) Line and Yang Ming Marine Transport Line announced the formation of a vessel-sharing alliance to be known as THE Alliance to take effect in 2017.

Many of the container-shipping lines that are part of the 2M, G6, CKYHE and proposed Ocean and THE Alliances operate at the Port Facilities. Additional alliances and mergers could occur in the future. Although, at this time, the Authority cannot predict what effect the 2M Alliance, the G6 Alliance, the CKYHE Alliance, the Ocean Alliance, THE Alliance or further mergers will have on container traffic at the Port Facilities or Aggregate Net Revenue, alliances and consolidation in the container-shipping industry could impact container traffic at the Port Facilities and affect Aggregate Net Revenue. See **"Competition"** above in this Bondholder Risk Factors section.

CIP Costs, Schedule and Availability of Funding

The estimated costs of, and the projected schedule for, the projects in the CIP for the Port Facilities depend on various sources of funding, and are subject to a number of uncertainties. Two large projects are particularly important for the Authority: expansion of VIG and optimization of the NIT, and both are part of the CIP. See **"THE CAPITAL INVESTMENT PLAN."** The Commonwealth has approved $350 million in funding for the NIT South Facility Optimization, such funding to be provided through the issuance of bonds by the Virginia Public Building Authority currently projected to be available during the first half of Fiscal Year 2017. Such bonds have yet to be issued and hence the availability of Commonwealth funding for the NIT South Facility Optimization is subject to their issuance. Further, under the CIP, $350 million in funding is to be provided by VIG for the VIG Terminal Expansion, through payments under the VIG Lease as described in **"VIG TERMINAL EXPANSION DOCUMENTS – VIG Terminal Expansion"** and above under "**Risks Resulting From the VIG Transaction and under the VIG Terminal Expansion Documents –** *Availability of Funding to VIG To Satisfy its Funding Obligations Under the VIG Lease*." As such funds are not on hand at the time of issuance of the Series 2016 Bonds, there can be no assurance of their availability in the amounts and when needed to fund their respective projects under the CIP.

In addition, the ability of the Authority to complete these projects within the current budgets and on the current schedules may be adversely affected by various factors including: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the projects, (4) delays in contract awards, (5) material and/or labor shortages, (6) delays due to port, shipper or related operational needs, (7) unforeseen site conditions, (8) adverse weather conditions, (9) contractor defaults, (10) labor disputes, (11) unanticipated levels of inflation, (12) litigation and (13) environmental issues. Construction on Port property involves difficulties peculiar to construction over water and on landfill, such as tide-limited work hours and unanticipated soil conditions or buried objects.

Each of the VIG Terminal Expansion and the NIT South Facility Optimization is a significant design and construction endeavor in its own right, with multiple milestones and a schedule that contemplates completion in phases. As with any major construction undertaking, these projects involve many risks – generally referred to above – that could result in cost overruns, in delays or in a failure to complete the respective project. In addition, as both such projects are particularly large and complex, including their various phases, and also the scope of other activities that are expected to take place at the Port, including under the CIP, during the same time period, lack of sufficient and effective coordination among the Authority, VIT, VIG, the various design and building firms and subcontractors, and other relevant third-parties, or the failure of any such party to comply in material respects with its obligations with respect to such coordination or to complete its work (or necessary inspections and approvals) in a timely fashion could also result in such cost overruns and delays.

[*Describe specific VIG Terminal Expansion construction risks and amount of Authority construction risk exposure over VIG funding amount, status of any "not to exceed" or guaranteed maximum price construction contract, etc.]*

No assurance can be given that the costs of these projects will not exceed the current budget for these projects or that the completion will not be delayed beyond the currently projected completion dates. Any schedule delays or cost increases could result in the need to obtain additional funds, including through the issuance of Additional Bonds. There is no assurance that the Authority will have sufficient Aggregate Net Revenue to satisfy the tests under the Bond Resolution to issue Additional Bonds. At present, the Authority is unable to estimate the costs associated with each of the risks identified above and the total impact of these risks if such events were to occur. In addition, the Authority may ultimately decide not to proceed with certain capital projects or may proceed with them on a different schedule, resulting in different results than those included in the projects shown in the Report of the Consulting Engineer.

Risk of Weather-Related Catastrophe

The Port Facilities are located in the Mid-Atlantic region of the east coast of the United States. The Mid- Atlantic region is an area that has in the past been periodically susceptible to damaging storms. The risk of hurricanes, tropical storms or other major weather events affecting the Port Facilities and interrupting the operations of VIT and the Authority is a risk over which the Authority has little or no control. To the extent that the Port Facilities are damaged, or VIT's or the Authority's operations are interrupted for any material period of time or cargo is directed to other ports due to hurricane or other weather-related catastrophe, such damage or interruption could reduce the amount of Aggregate Net Revenue available to the Authority, which would have an adverse impact on the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds.

Environmental Risks

Any owner or operator of real estate may be adversely impacted by legislative, regulatory, administrative and enforcement action involving environmental laws and regulations. Although there are no known environmental issues impacting the Port Facilities, there may be environmental problems or issues of which the Authority is unaware. Furthermore, users of the Port Facilities may transport hazardous materials through the Port Facilities, the handling of which may pose environmental threats. In recent years environmental regulations have placed greater scrutiny on all owners of property and, in future years, such regulations could be modified to include types of materials not currently identified as hazardous, all of which could result in additional expense to the Authority. Operation of the Port Facilities is also subject to federal, state and local laws and regulations governing, among other things, emissions to air, discharge to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials as well as laws relating to occupational health and safety. In 1988, the Virginia General Assembly enacted the Chesapeake Bay Preservation Act (together with the regulations promulgated thereunder, the "Bay Act"), which establishes a cooperative program between state and local government aimed at improving water quality in the Chesapeake Bay and its tributaries by requiring wise resource management practices in the use and development of environmentally sensitive land features. Certain portions of the Port Facilities may constitute, or may encroach upon, areas that are designated as wetlands under the Bay Act. The Authority's ability to develop, expand or improve upon Port Facilities that comprise or are located in, at, upon, or adjacent to wetlands may be limited. The Authority intends to operate the Port Facilities in compliance in all material respects with applicable environmental and health and safety laws and regulations, many of which impose substantial fines and criminal sanctions for violations. However, the operation of facilities such as the Port Facilities entails risks in these areas, and there can be no assurance that the Authority will not incur material costs or liabilities in this regard. In addition, potentially significant expenditures could be required to comply with evolving environmental, health and safety laws, regulations and requirements that may be adopted or imposed in the future. The Authority may be forced to expend significant resources to comply with state and federal requirements, which expenses, to the extent that they exceed budgeted amounts, would decrease Aggregate Net Revenue and have an adverse impact on the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds.

Effect of Bankruptcy

Operation of the Port Facilities depends on contractual relations with various shipping lines and companies, and is also undertaken through VIT. Each of these presents potential bankruptcy risks. *[Add update on Hanjin Shipping bankruptcy.]*

User/Tenant Bankruptcy or Financial Failure. The financial failure or bankruptcy of a Port Facility user or tenant, such as a shipping line, could adversely affect the ability of such user or tenant to honor its obligations to VIT and may affect VIT's ability to enforce the terms of any agreement with any such user or tenant. It could also allow such user or tenant to reject its use or lease agreement. Further, VIT's right to receive payment of amounts accrued prior to bankruptcy may be limited to the rights of an unsecured creditor of the bankrupt entity. Hence, the financial failure or bankruptcy of a Port Facility user or tenant could result in delays and/or reductions in payments to VIT, and ultimately to the Authority which could affect the Authority's ability to pay debt service on the Series 2016 Bonds. *[Add sentence regarding Authority's experience with any such events.]*

Should a significant number of the parties to the major revenue producing property agreements file for bankruptcy protection, Revenues received by VIT or the Authority could be materially adversely impacted and this could have an adverse impact on the Authority's ability to pay debt service on the Series 2016 Bonds. There may be other possible effects of a bankruptcy of a tenant that could result in delays or reductions in payments on the Series 2016 Bonds. Regardless of any specific adverse determinations in a tenant bankruptcy proceeding, the fact of a tenant bankruptcy proceeding could have an adverse effect on the liquidity and value of the Series 2016 Bonds.

VIT Bankruptcy. While the Commonwealth of Virginia has not authorized the Authority to enter into reorganization proceedings under the U.S. Bankruptcy Code, it is unclear whether this would prevent VIT or any Subsidiary from becoming a debtor under the U.S. Bankruptcy Code, as VIT is organized under the Virginia limited liability company statute. Under its Operating Agreement, VIT is not permitted to incur Indebtedness (as defined in the Bond Resolution) [nor is it authorized to enter into bankruptcy proceedings].

In the event of bankruptcy proceedings involving VIT as debtor, the Authority's stream of payments from VIT could be interrupted to the extent of unpaid pre-petition amounts. Also, as discussed above, VIT or its bankruptcy trustee must determine within a time period determined by the court whether to assume or reject the Payment Agreement. In the event of assumption, VIT would be required to cure any prior defaults and to provide adequate assurance of future performances under the Payment Agreement. Rejection of the Payment Agreement would give rise to an unsecured claim of the Authority for damages, the amount of which in the case the agreement is determined to be a lease is limited by the Bankruptcy Code.

Risk of Terrorist Attacks

Due to their close proximity to the United States Naval Base at Norfolk, Virginia, and other military installations, as well as numerous shipbuilders and military contractors and subcontractors located in the Hampton Roads region, the Port Facilities are at increased risk of being impacted by terrorist activities. These risks have greatly increased the need for security at the Port Facilities. As a result, the Authority has experienced significantly higher security-related expenditures. The Maritime Transportation Security Act imposes security-related regulations on all United States ports, including the Port Facilities. To the extent that additional federal or state requirements related to security or anti-terrorist measures are imposed upon the Authority and grant money or other federal or state financial assistance is not available, the Authority may be forced to absorb additional security- related expenditures into its operating budget, which may reduce Aggregate Net Revenue, which will, in turn, have an adverse impact on the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds. See "**Security**" and "**Insurance**."

Insurance-Related Risks

Notwithstanding the Authority's enhanced awareness of and attention to matters of security and the preventative measures taken by the Authority in this regard, there can be no assurance that the Port Facilities will not be damaged or destroyed by terrorist activities, whether directed at the Port Facilities or at one or more proximate military or military-related facilities. While the Port Facilities are insured by VIT pursuant to the Bond Resolution and such insurance contains coverage in a maximum amount of $100 million for losses attributable to terrorism, such losses could exceed the policy limits. Furthermore, the Authority's ability to access funds through the TRIA is limited by numerous provisions and conditions set forth therein, which may reduce or altogether eliminate the Authority's ability to realize any practical benefit from the TRIA. See "**PORT FACILITIES AND OPERATIONS - Insurance**." Under such circumstances, the Authority will be forced to utilize other sources of funds to replace, rebuild, or restore the Port Facilities. There can be no assurance that such sources of funds will be available to the Authority or, if available, will be available in an amount necessary to allow the Authority to replace, rebuild or restore all of the Port Facilities that may be damaged or destroyed. Neither VIT nor the Authority maintains business interruption insurance. To the extent that operation of the Port Facilities is interrupted due to acts of terrorism or damage or destruction caused thereby or otherwise, current operating revenues and reserves will only fund operations for a limited period, beyond which the Authority's ability to generate revenue on a month to month basis may be limited. Such limitations will reduce the amount of Aggregate Net Revenue, which will have an adverse impact on the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds.

Risk of Loss, Damage or Destruction

The Authority has covenanted in the Bond Resolution that it will cause the Port Facilities at all times to be insured against such risks as are customarily insured against in connection with the operation of marine terminal facilities of a type and size comparable to the Port Facilities. The Authority has further covenanted that it shall promptly replace, repair, rebuild or restore, or cause to be replaced, repaired, rebuilt or restored, any part of the Port Facilities that is destroyed or damaged by fire or other casualty. There can be no assurance that the proceeds of insurance or other sources of funds available to the Authority for purposes of replacing, repairing, rebuilding, or restoring all or any portion of the Port Facilities that may be damaged or destroyed will be sufficient for such replacement, repair, rebuilding or restoration, nor can there be any assurance that such proceeds or other sources of funds will be equal to or greater than the outstanding principal amount of the Series 2016 Bonds so as to allow the Authority to retire outstanding principal amount of, interest and premium, if any, on the Series 2016 Bonds in the event that the Authority is unable to replace, repair, rebuild or restore the Port Facilities in the event of loss, damage or destruction of such facilities.

Actual Results May Diverge from Projections

The projections contained in the Consulting Engineer's Report attached as **Appendix B** and the Authority's operating budgets are based on assumptions regarding future transactions, trends and events that may not materialize, and unanticipated events or circumstances may occur. Future decisions, actions and policies of the Board and Authority staff, to the extent they deviate from the Authority's current expectations and assumptions, may also materially impact the Authority's future performance. Factors outside of the Authority's control may also materially impact the Authority's future performance. The Authority's ability to increase its revenues is limited by the terms of its agreements with users of its facilities and by law. The Authority's actual financial results have differed from projections in the past and may materially diverge from those in the Consulting Engineer's Report. The Authority cannot determine the nature and scope of the impact such divergence may have on the Authority's operations. Summaries of certain assumptions upon which the projections in the Independent Consultants' Report are based can be found in **Appendix B -** "**CONSULTING ENGINEER'S REPORT**," including under the heading "**Assumptions**." Certain assumptions are also discussed under "**PROJECTED OPERATING RESULTS AND PROJECTED DEBT SERVICE COVERAGE**."

Amendment, Expiration or Termination of Material Contracts

Although the Authority has no reason to believe that current tenants and users of the Port Facilities will prematurely terminate existing leases or similar agreements entered into with the Authority or choose not to renew such agreements at their stated expiration, there can be no assurance that such source of revenues to the Authority currently derived from such agreements will be available in future years and a loss of such revenues could adversely impact the ability of the Authority to pay its debt service obligations on the Series 2016 Bonds.

Labor Risks

Certain operations of the Port Facilities are dependent upon good labor relations between stevedoring firms, shipping lines and other tenants and users of the Port Facilities and longshoremen, cargo checkers and handlers, and other workers. The Port Facilities are open to both union and non-union workers. There can be no assurance that labor disruptions will not occur as a result of labor strikes. Any such strike could interrupt the operations of the Port Facilities, possibly for a prolonged period. To the extent that operation of the Port Facilities is interrupted due to work stoppages, the Authority's ability to generate revenue on a month to month basis will be reduced, which will reduce the amount of Aggregate Net Revenue, all of which will have an adverse impact on the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds.

Regulatory Risks

The Authority is subject to the general requirements of federal and state legislation. Projects involving dredging the Harbor channels require the approval of the U.S. Army Corps of Engineers. The Authority, in compliance with Section 15 of the United States Shipping Act, publishes and files (or causes VIT to publish and file) with the Federal Maritime Commission a port tariff establishing the rates, rules and regulations that apply to all users of the Port Facilities. To the knowledge of the Authority, no regulatory action has been taken or is threatened and no regulatory approval is required and outstanding that would materially affect the Aggregate Net Revenue or the ability of the Authority to complete any planned construction program or its CIP. Nevertheless, actions in any of these areas could result in a reduction in Aggregate Net Revenue, or the loss of the Authority's ability to operate all or a portion of the Port Facilities. Any such developments could adversely impact the Authority's ability to satisfy its debt service obligations on the Series 2016 Bonds.

LEGAL INVESTMENTS

The Act provides that bonds issued thereunder are securities in which all public officers and public bodies of the Commonwealth and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them.

The Act also provides that bonds issued thereunder are securities that may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the Commonwealth for any purpose for which the deposit of bonds or obligations is now or may hereafter be authorized by law.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Rating Services have assigned to the Series 2016 Bonds ratings of "_____" and "_____," respectively. Any desired explanation of the significance of the ratings assigned to the Series 2016 Bonds should be obtained from the rating agency furnishing the same. Certain information and materials not included in this Official Statement were furnished to such rating agencies. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating on the Series 2016 Bonds will be maintained for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any such change in or withdrawal of such rating could have an adverse effect on the market price of the Series 2016 Bonds.

LITIGATION

There is no litigation to which the Authority or VIT is a party or of which it has notice to restrain or enjoin the issuance or delivery of the Series 2016 Bonds or the entering by the Authority into the transactions relating to the issuance and sale of the Series 2016 Bonds and the refunding of the Refunded Obligations, and there is no litigation wherein an unfavorable decision would have a material adverse effect upon the Authority's or VIT's financial condition or the issuance or delivery of the Series 2016 Bonds.

UNDERWRITING

Morgan Stanley & Co. LLC, as Senior Manager for the Series 2016A Bonds, acting on behalf of itself and as representative of the Underwriters, has entered into a Bond Purchase Agreement to purchase the Series 2016A Bonds at a price of $_____, which represents the par amount of the Series 2016A Bonds, [plus][minus] [net] original issue [premium][discount] of $_____ less an Underwriters' discount of $_____

from the initial public offering prices of the Series 2016A Bonds set forth on the inside cover page of this Official Statement.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Senior Manager for the Series 2016B Bonds, acting on behalf of itself and as representative of Morgan Stanley & Co. LLC, Raymond James & Associates, Inc. and Siebert Cisneros Shank & Co., L.L.C. (collectively, the "Underwriters"), has entered into a Bond Purchase Agreement to purchase the Series 2016B Bonds at a price of $_____, which represents the par amount of the Series 2016B Bonds, [plus][minus] [net] original issue [premium][discount] of $_____ less an Underwriters' discount of $_____ from the initial public offering prices of the Series 2016B Bonds set forth on the inside cover page of this Official Statement.

Each of the Bond Purchase Agreements provides that the respective Underwriters will be obligated to purchase all of the respective series of the Series 2016 Bonds if any of such bonds are purchased. The obligation of the Underwriters to accept delivery of and pay for each series of the Series 2016 Bonds is subject to certain terms and conditions set forth in each Bond Purchase Agreement, including the approval of certain legal matters by counsel. The public offering prices of the Series 2016 Bonds may be changed at the discretion of the Underwriters after an initial offering of the Series 2016 Bonds has been made at the prices shown on the inside cover page of this Official Statement. The Underwriters may sell the Series 2016 Bonds to certain dealers and dealer banks, including dealers depositing the Series 2016 Bonds into unit investment trusts, at prices lower than the initial public offering prices.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, an underwriter of the Series 2016 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2016 Bonds.

[Siebert Cisneros Shank & Co., L.L.C., one of the Underwriters, has entered into a separate agreement with Credit Suisse Securities USA LLC for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the of the Series 2016 Bonds, Siebert Cisneros Shank & Co., L.L.C. will share a portion of its underwriting compensation with respect to the Series 2016 Bonds, with Credit Suisse Securities USA LLC.]

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

CONTINUING DISCLOSURE

Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, prohibits an underwriter from purchasing or selling municipal securities, such as the Series 2016 Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be "obligated persons" have committed to electronically file, on an annual basis, certain financial information, including audited financial information and operating data ("Annual Reports"), with the MSRB Electronic Municipal Market Access system located at www.emma.msrb.org ("EMMA").

The Authority will covenant in a Continuing Disclosure Agreement, concurrently with the issuance of the Series 2016 Bonds, to electronically file with EMMA (i) Annual Reports with respect to itself and VIT, and (ii) Event Notices. As set forth in the Continuing Disclosure Agreement, the Authority has determined that VIT is an obligated person, in its capacity as operator of the Port Facilities, and accordingly the filings made by the Authority are required under the Continuing Disclosure Agreement to include certain information regarding VIT as set forth therein. The form of Continuing Disclosure Agreement that will be executed by the Authority in connection with the issuance and delivery of the Series 2016 Bonds is attached hereto as **Appendix E**.

The Authority engaged a third-party consultant to conduct an analysis of the Authority's historical compliance with its continuing disclosure obligations. [During the five-year period preceding the date of this Official Statement, in making a timely filing of its 2011 comprehensive annual financial report, the CUSIP information necessary to link such filing to each series of the Authority's CPF Bonds was inadvertently omitted. Such 2011 filing was otherwise available on EMMA with respect to the Authority's Bonds. In connection with the marketing of the Series 2016 Bonds, the Authority discovered that certain information included in the Statistical and Compliance Sections in its previously filed Annual Report for the fiscal year ended June 30, 2014 was incorrect and promptly filed the corrected information through a supplemental filing on EMMA. The Authority has procedures in place to comply with its continuing disclosure obligations under the Rule, and, except as described above, is materially in compliance with the continuing disclosure undertaking requirements of the Rule for its outstanding obligations subject to the Rule.]

RELATIONSHIPS OF PARTIES

Williams Mullen, P.C., Bond Counsel, provides legal services from time to time to the Underwriters and the Trustee on matters unrelated to the issuance of the Series 2016 Bonds. Christian & Barton, L.L.P., counsel to the Underwriters, provides legal services from time to time to the Trustee on matters unrelated to the issuance of the Series 2016 Bonds. Moffatt and Nichol has been engaged by the Authority to provide the Report of the Consulting Engineer with respect to the issuance of the Series 2016 Bonds and is also serving as the Independent Engineer [to VIG] under the Construction Authority Agreement.

LEGAL MATTERS

Legal matters incident to the authorization and validity of the Series 2016 Bonds are subject to the approval of Williams Mullen, P.C., Bond Counsel. The proposed form of such opinion is set forth in **Appendix G**. Certain legal matters will be passed on for the Underwriters by Christian & Barton, L.L.P., and for the Authority by the Office of the Attorney General of the Commonwealth of Virginia.

TAX MATTERS

Opinion of Bond Counsel - Federal Income Tax Status of Interest on the 2016A Bonds

Bond Counsel will express no opinion regarding federal tax consequences arising with respect to the Series 2016A Bonds.

Opinion of Bond Counsel - Federal Income Tax Status of Interest on the 2016B Bonds

Bond Counsel's opinion will state that, under current law, interest on the Series 2016B Bonds is excludable from gross income for purposes of federal income taxation (except when held by a "substantial user" of the facilities financed by the Series 2016B Bonds or by a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code")) but that interest on the Series 2016B Bonds is a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

The opinion of Bond Counsel states that Bond Counsel expresses no opinion concerning any effect on the excludability of the interest on the Series 2016B Bonds from gross income for federal income tax purposes of any subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Williams Mullen, P.C. See "**Form of Bond Counsel Opinion**" in **Appendix G**.

Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Series 2016 Bonds.

Reliance and Assumptions

In delivering its opinions regarding the Series 2016B Bonds, Bond Counsel is (a) relying upon certifications of representatives of the Authority as to facts material to the opinions and (b) assuming continuing compliance with the Covenants (defined below) by the Authority, so that interest on the Series 2016B Bonds will remain excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with the provisions of the Code applicable to the Series 2016B Bonds, including, among other things, the requirements as to the use, expenditure and investment of the proceeds thereof, the use of the property financed or refinanced thereby, the source of the payment thereof and the security therefor, the arbitrage yield restrictions and rebate payment obligations imposed by the Code and certain other actions that could cause interest thereon to be includable in gross income of their owners (the "Covenants"). Failure by the Authority to comply with the Covenants could cause interest on the Series 2016B Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2016B Bonds.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2016B Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner thereof. Prospective purchasers of the Series 2016B Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or selling the Series 2016B Bonds.

Prospective purchasers of the Series 2016B Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, certain insurance companies, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, and taxpayers attempting to qualify for the earned income tax credit.

In addition, prospective purchasers should be aware that the interest paid on, and the proceeds of the sale of, tax-exempt obligations, including the Series 2016B Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS") in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any Series 2016B Bond owner who fails to provide an accurate Form W-9 Payers Request for Taxpayer Identification Number, or a substantially identical form, or to any Series 2016B Bond owner who is notified by the IRS of a failure to report all interest and dividends required to be shown on federal income tax returns. The reporting and withholding requirements do not in and of themselves affect the excludability of interest on the Series 2016B Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Original Issue Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles. An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Prospective purchasers of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Possible Legislative or Regulatory Action

Legislation and regulations affecting tax-exempt bonds are continually being considered by the United States Congress, the U.S. Department of the Treasury ("Treasury") and the IRS. In addition, the IRS has established an expanded audit and enforcement program for tax-exempt bonds. There can be no assurance that legislation enacted or proposed after the date of issue of the Series 2016B Bonds or an audit initiated or other enforcement or regulatory action taken by the Treasury or the IRS involving either the Series 2016B Bonds or other tax-exempt bonds will not have an adverse effect on the tax status or the market price of the Series 2016B Bonds or on the economic value of the tax-exempt status of the interest thereon.

Opinion of Bond Counsel - Virginia Income Tax Consequences

Bond Counsel's opinion will state that, under current law, the Series 2016 Bonds, their transfer and the income from them, including any profit made on their sale, are exempt from taxation by the Commonwealth and by any of its municipalities, counties or other political subdivisions. Bond Counsel will express no opinion regarding (i) other Virginia tax consequences arising with respect to the Series 2016 Bonds or (ii) any consequences arising with respect to the Series 2016 Bonds under the tax laws of any state or local jurisdiction other than Virginia. Prospective purchasers of the Series 2016 Bonds should consult their own tax advisors regarding the tax status of interest on the Series 2016 Bonds in a particular state or local jurisdiction other than Virginia.

FINANCIAL ADVISOR

The Authority has retained Public Financial Management, Inc. (the "Financial Advisor") in connection with the preparation of the Authority's issuance of the Series 2016 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken, to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. Public Financial Management, Inc. is a financial advisory firm, investment management and consulting organization and is not engaged in the business of underwriting municipal securities.

VERIFICATION AGENT

The Arbitrage Group, Inc. (the "Verification Agent"), located in Tuscaloosa/Buhl, Alabama, has verified, from the information provided to them by the Underwriters, the mathematical accuracy as of the date of closing on the Series 2016 Bonds of the computations for the Underwriters to determine that the cash deposits to be held in escrow or to be applied at closing will be sufficient to pay at maturity the principal of and interest on the Refunded Obligations and made other findings as may be required by the Bond Resolution. The Verification Agent expresses no opinion on the reasonableness of the assumptions provide to them, the likelihood that the principal of an interest on the Refunded Obligations or the Series 2016 Bonds will be paid as described herein or in the materials provided for the Underwriters, or as to the exemption from taxation for federal income tax purposes of the interest on the Series 2016B Bonds.

MISCELLANEOUS

References contained herein to the Act, the Bond Resolution, the Payment Agreement and other documents and materials are only brief outlines of certain provisions thereof. Reference is made to the full text of such documents and materials for the complete terms and conditions thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The delivery of this Preliminary Official Statement has been duly authorized by the Authority. The Authority has deemed this Preliminary Official Statement final as of its date within the meaning of the Rule, except for the omission of certain pricing and other information permitted to be omitted pursuant to the Rule.

VIRGINIA PORT AUTHORITY

By:_____________________________________
John G. Milliken, Chairman

By: _____________________________________
John F. Reinhart, Executive Director

APPENDIX A

VIRGINIA PORT AUTHORITY

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

APPENDIX B

REPORT OF THE CONSULTING ENGINEER DATED __________, 2016

APPENDIX C

DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

APPENDIX D

VIG TERMINAL EXPANSION DOCUMENTS

VIG Terminal Expansion Documents

Copies of the VIG Terminal Expansion Documents are available on the internet website of the MSRB under CUSIP Number 928077___. This information is hereby included in this Official Statement in its entirety by reference.

Any statement contained in a document included by reference herein shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement made in any other subsequently filed document, which also is included by reference herein, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Authority makes no representation as to the scope of services provided by the MSRB or as to the cost for the provision of such services.

APPENDIX E

CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the **Virginia Port Authority** (the "Authority") in connection with the issuance by the Authority of its $_____ Port Facilities Revenue Refunding Bonds, Series 2016A (Taxable) and its $_____ Port Facilities Revenue Refunding Bonds, Series 2016B (AMT) (the "Bonds") pursuant to the provisions of Resolution 16-9 adopted by the Authority on September __, 2016, as supplemented by Resolution 16-10 adopted on September __, 2016 (collectively, the "Resolution") and the related Series Certificate. The Authority hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Authority for the benefit of the holders and in order to assist the Participating Underwriter in complying with the Rule, as hereinafter defined. The Authority acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Agreement.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Authority with respect to itself and any Obligated Person pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean the Authority, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Authority a written acceptance of such designation.

"EMMA" shall mean the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system located at www.emma.msrb.org.

"Fiscal Year" shall mean the twelve-month period, at the end of which the financial position of the Authority and results of its operations for such period are determined. Currently, the Authority's Fiscal Year begins July 1 and continues through June 30 of the next year.

"holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Bond.

"Listed Events" shall mean any of the events listed in subsection (b)(5)(i)(C) of the Rule, which are as follows:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 – TEB) or other

material notices or determination with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;

7. modifications to rights of holders, if material;

8. bond calls, if material, and tender offers;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the Authority;

13. the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its term, if material;

14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and

15. the failure of the authority on or before the date required by this Disclosure Agreement to provide an Annual Report to the persons and in the matter required by this Disclosure Agreement.

"Obligated Person" shall mean any such person within the meaning of the Rule and, initially, VIT in its capacity as operator of the Authority's port facilities.

"Participating Underwriter" shall mean any of the original purchasers of the Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"VIT" shall mean Virginia International Terminals, LLC, a Virginia limited liability company, and any successor.

SECTION 3. Provision of Annual Reports; Audited Financial Statements. Not later than seven months following the end of each Fiscal Year of the Authority, commencing with the Fiscal Year ending June 30, 2017, the Authority shall, or shall cause the Dissemination Agent (if different from the Authority) to, electronically file with EMMA an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 10 days prior to said date, the Authority shall provide the Annual Report to the Dissemination Agent (if applicable). In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement, and (iii) shall include such financial statements as may be required by the Rule.

The annual financial statements of the Authority shall be prepared on the basis of generally accepted accounting principles and will be audited. Copies of the audited annual financial statements, which may be filed separately from the Annual Report, will be filed with EMMA when they become publicly available.

If the Authority fails to provide an Annual Report with EMMA by the date required in this Section 3 or to file its audited annual financial statements with EMMA when they become publicly available, the Authority shall electronically file with EMMA an appropriate notice in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. Each Annual Report required to be filed hereunder shall include, at a minimum, the information referred to in Exhibit B as it relates to the Authority, all with a view toward assisting the Participating Underwriter in complying with the Rule. Any or all of such information may be incorporated by reference from other documents, including official statements containing information with respect to the Authority, which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Authority shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. The Authority will electronically file with EMMA in a timely manner not in excess of 10 business days after the occurrence of the event, notice of any of the Listed Events.

SECTION 6. Termination of Reporting Obligation. The obligations of the Authority under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of the Bonds.

SECTION 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Authority shall be the Dissemination Agent.

SECTION 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Authority may amend this Disclosure Agreement, if such amendment is supported by an opinion of independent counsel with expertise in federal securities laws to the effect that such amendment is permitted or required by the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it, in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. Any person referred to in Section 11 (other than the Authority) may take such action as may be permitted by law against the appropriate public official to secure compliance with the obligation of the Authority to file its Annual Report or to give notice of a Listed Event. In addition, holders of not less than a majority in aggregate principal amount of Bonds outstanding may take such actions as may be permitted by law to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the Authority hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under any applicable resolution or other debt authorization of the Authority, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority to comply herewith shall be an action to compel performance.

Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Participating Underwriter, and holders from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: ______________

VIRGINIA PORT AUTHORITY

By: ___________________________________
Executive Director

Exhibit A

NOTICE OF FAILURE TO FILE
[AUDITED ANNUAL FINANCIAL STATEMENT]

VIRGINIA PORT AUTHORITY

in connection with the

$_____
Virginia Port Authority
Port Facilities Revenue Refunding Bonds, Series 2016A (Taxable)
And
$_____
Virginia Port Authority
Port Facilities Revenue Refunding Bonds, Series 2016B (AMT)

CUSIP NOS. _____________________

Dated: __________, 20__

NOTICE IS HEREBY GIVEN that the Virginia Port Authority has not provided [an Annual Report][audited annual financial statements] as required by Section 3 of the Continuing Disclosure Agreement, which was delivered in connection with the above-named bonds (the "Bonds") issued pursuant to that certain resolution adopted on September __, 2016, as further supplemented by the Series Resolution for the Bonds. The Authority anticipates that [an Annual Report][audited annual financial statements] will be filed by __________.

Date: ______________

VIRGINIA PORT AUTHORITY

By: ___________________________________
Executive Director

Exhibit B

CONTENT OF ANNUAL REPORT

(a) **Authority Revenues and Expenses**. Information respecting total revenues, operating expenses and excess of revenues over expenses of the Authority, including comparisons with data for the previous Fiscal Year.

(b) **VIT Revenues and Expenses**. Information respecting total revenues, operating expenses and excess of revenues over expenses of VIT, including comparisons with data for the previous Fiscal Year.

(c) **Debt Service Requirements and Coverage**. Information regarding debt service requirements and coverage of debt service for all Bonds outstanding under the Resolution, including comparisons with data for the previous Fiscal Year.

(d) **Cargo Data**. Information regarding total volume and major categories of general cargo handled by the Authority's port facilities, including comparisons with data for the previous Fiscal Year.

In general, the foregoing will include information as of the end of the most recent Fiscal Year or as of the most recent practicable date. Where information for the Fiscal Year just ended is provided, it may be preliminary and unaudited. Where information has historically been provided for more than a single period, comparable information will in general be provided for the same number of periods where valid and available. Where, in the judgment of the Authority, an accompanying narrative is required to make data presented not misleading, such narrative will be provided.

APPENDIX F

DTC BOOK-ENTRY ONLY SYSTEM

DTC BOOK-ENTRY ONLY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2016 Bonds, payments of principal and interest on the Series 2016 Bonds to The Depository Trust Company ("DTC"), New York, New York, its nominee, Participants, defined herein, or Beneficial Owners, defined herein, confirmation and transfer of beneficial ownership interests in the Series 2016 Bonds and other bond-related transactions by and between DTC, Participants and Beneficial Owners, is based solely on information furnished by DTC.

DTC will act as securities depository for the Series 2016 Bonds. The Series 2016 Bonds will be issued as fully registered Series 2016 Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2016 Bond will be issued in the aggregate principal amount of each maturity of each series of the Series 2016 Bonds and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Series 2016 Bonds, except in the event that use of the book-entry system for the Series 2016 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016 Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and payment of redemption proceeds of, the Series 2016 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC (nor its nominee), the Authority or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments and payment of redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this **Appendix F** concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

APPENDIX G

FORM OF BOND COUNSEL OPINION