

MINUTES

ANNUAL MEETING - Board of Commissioners - Session 345

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
July 24, 2012 – 11:00 a.m.

Pursuant to call by Chairman Quillen, the Board of Commissioners held its annual meeting this date at 11:10 a.m., in the Authority's Conference Room, 600 World Trade Center, Norfolk, Virginia. The following attended:

Commissioners:

Michael J. Quillen, Chairman
James M. Boyd, Vice Chairman
Jennifer D. Aument
Scott R. Bergeron
Juliann J. Clemente
The Hon. William H. Fralin, Jr.
Frank E. Laughon, Jr.
John N. Pullen
Robert M. Stanton
Jeffrey D. Wassmer
Manju S. Ganeriwala, State Treasurer

Commissioners Absent:

Ting Xu

Staff:

Jerry A. Bridges, Executive Director
J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs
Rodney Oliver, Deputy Executive Director and CFO
Jeffrey Florin, Deputy Executive Director, Operations and COO
Russell Held, Deputy Executive Director, Development
Linda G. Ford, Director, Port Promotion
David James, Director, Contracts and Real Estate
Elizabeth Saxby, Director, Human Resources
Gregory Edwards, Director of External Affairs
Carla Welsh, Manager, Creative Services
Joe Harris, Media/Public Relations Manager
Debra J. McNulty, Clerk to the Board

Guests:

Jeffrey R. Allen, Sr. Assistant Attorney General, Chief-Transportation Sector
Norman Thomas, Assistant Attorney General-Transportation Sector
The Hon. Kenneth L. Wright, Mayor, City of Portsmouth
Ned Barham, Portsmouth Ports and Industrial Commission
Timothy Oksman, Portsmouth City Attorney
Charles W. "Wick" Moorman, Chairman, President & CEO, Norfolk Southern

Guests (continued):

Robert Martinez, Vice President, Business Development, Norfolk Southern
Jeffrey Heller, Group Vice President of International Marketing & Sales, Norfolk Southern
Tony Kinn, Director, Office of Transportation-Public Private Partnerships
Morteza Farajian, Program Manager, OTPPP
Ryan J. Pedraza, Program Manager, OTPPP
Art Moye, Executive Vice President, Virginia Maritime Association (VMA)
David White, Vice President, VMA
Edward O'Callaghan, Century Express
Ned Barham, Sr., VP Operations, T. Parker Host
John Vickerman, Vickerman & Associates
Michael Corey, Allied Barton Security Services
John Crowley, APM Terminals
William Harrison, Williams Mullen
JoAnn Carter, Public Financial Management Group
Kevin Rotty, Public Financial Management Group
John Ryan, Vandeventer LLP (VIT Corporate Counsel)
Joseph A. Dorto, President and CEO, VIT
Joseph P. Ruddy, Executive Vice President and Chief Operating Officer, VIT
Thomas Capozzi, Vice President, Global Sales and Customer Service, VIT
Regina P. Brayboy, Vice President, Administration and Financial Services, VIT
Robert Nestor, Manager, Pricing and Strategic Planning, VIT
Mark Thorsen, Chief Information Officer, VIT
Robert McCabe, The Virginian-Pilot
Michael Shapiro, The Daily Press

INTRODUCTIONS

Ms. Linda Ford introduced guests in attendance. Members of the press in attendance included Mr. Robert McCabe, with *The Virginian-Pilot*, and Mr. Michael Shapiro, with *The Daily Press*.

At Mr. Merkle's request, Ms. Ford provided instructions for leaving the building in the event of fire or medical emergency.

CHAIRMAN'S REPORT

On behalf of the VPA Board, Chairman Quillen expressed his thoughts and observations with regard to the unsolicited bid by APMT and the PPTA process. **The Chairman announced that the VPA Board would convene a special meeting on August 22, 2012**, which is after the August 13th deadline for additional proposals, in order to provide another briefing. He expressed his appreciation to Board members and mentioned some of the work that had been accomplished since their appointments last July. Chairman Quillen also acknowledged the VIT Board, staff, and all of the constituents who have a vested interest in the Port.

In conclusion, Chairman Quillen also mentioned that Virginia was not on the funding list for harbor deepening projects that was just released by the Obama Administration. He stressed the need for the Port to work with the Maritime Community and our Senators and Legislators to bring attention to the opportunities we have at the Port of Virginia by continuing to Improve our channels.

A copy of the Chairman's remarks is attached.

PRESENTATION

The Chairman introduced Mr. Charles W. ("Wick") Moorman, Chairman, President and Chief Executive Officer of Norfolk Southern Corporation, who was accompanied by Mr. Robert E. Martínez, VP Business Development, and Mr. Jeff Heller, Group VP International Marketing & Sales. Chairman Quillen explained that he and Mr. Moorman go back a long way in their business relations and that he is also a close friend.

Mr. Moorman presented an overview of the Norfolk Southern rail and intermodal network; capital expenditures; history of the relationship between VPA and Norfolk Southern from 1989 to present; international volume; historical volume and growth; industrial development sites; and short-haul destinations to Front Royal and Greensboro. He described the working relationship between Norfolk Southern and The Port of Virginia and the increase in rail business. Mr. Moorman said that the Virginia Inland Port, which opened in 1989, turned out to be an "enormous success" and he reported that Norfolk Southern connects the Port of Virginia to 18 major markets including Canada which, he said, makes Norfolk a "true gateway for International Trade". He stated that Norfolk handles twice the rail that is served by other ports. Mr. Moorman described the recently completed Heartland Corridor, as well as the Rickenbaker Logistics Park, and reviewed the markets it reaches across the Midwest from Norfolk to Columbus, Cincinnati, Detroit and Chicago, with proposed terminals in Roanoke and Pritchard. Mr. Moorman also mentioned that Mr. Martinez leads the railroad's industrial development team and that they work closely with the Virginia Economic Development Partnership (VEDP).

In conclusion, Mr. Moorman emphasized the following points:

- Intermodal volumes make up a significant segment of the Port of Virginia's business portfolio.
- Norfolk Southern has a long standing partnership with VPA and VIT based on a mutual commitment to investment and service performance.
- It is critical that the VPA Board of Commissioners considers the Intermodal segment in terms of an entity's commitment to service and cost structure when judging the merits of any port privatization proposal.

EXECUTIVE CLOSED SESSION

At 11:32 a.m., upon motion by Ms. Clemente and duly seconded by Mr. Bergeron, the Board voted to convene a closed meeting pursuant to §2.2-3711(A)(38), and pursuant to §62.1-132.4, to discuss proprietary commercial information with Norfolk Southern.

At 12:15 p.m., upon motion by Ms. Clemente, seconded by Mr. Laughon, and having certified that the matters discussed in the preceding closed session met the requirements of §2.2-3712 of the Code, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:

Ayes: 11 (Aument, Bergeron, Boyd, Clemente, Fralin, Ganeriwala, Laughon, Pullen, Quillen, Stanton, Wassmer)

Nays: 0

Absent During Vote: 1 (Xu)

Absent During Meeting: 1 (Xu)

I. ELECTION OF OFFICERS

Report of the Nominating Committee and Election of Officers for the year July 1, 2012 through June 30, 2013.

Nominating Committee
William H. Fralin, Jr., Chair
Robert M. Stanton
Ting Xu

Under the Bylaws (Article III, page 2) the Board elects a Chair and a Vice Chair and may elect from its membership or appoint from the staff a Secretary and Treasurer. The practice of the Board has been to elect its Chair and Vice Chair and to appoint from the staff a Treasurer, Secretary/Clerk and Assistant Secretary/Deputy Clerk. Officers for the year ending June 30, 2012 were:

Chair – Michael J. Quillen
Vice Chair – James M. Boyd
Treasurer – Rodney W. Oliver
Secretary and Clerk - Debra J. McNulty
Assistant Secretary and Deputy Clerk - Jodie L. Asbell

Mr. Fralin announced that the Nominating Committee members recommended that Mr. Oliver, Ms. McNulty, and Ms. Asbell serve in their current positions. Mr. Fralin explained that Chairman Quillen had agreed to serve as Chair for a limited time in order to help the Board navigate through the PPTA process. He expressed gratitude to Chairman Quillen, on behalf of the Board, for his leadership and willingness to continue as Chair.

Mr. Fralin explained that the Bylaws state that the Vice Chairman would become Chairman upon the resignation of Mr. Quillen. He advised that the Board was not prepared at this time to elect the next Chair. Mr. Fralin further advised that the Vice Chair seat would remain vacated and that, upon Chairman Quillen’s resignation, a Nominating Committee would be selected to recommend a Chair and Vice Chair. Mr. Fralin reported that this was discussed with Mr. Boyd who agreed to vacate the position.

Action: Upon motion made by Ms. Clemente, seconded by Mr. Stanton, and adopted by affirmative vote (10-0) the Board closed the floor for nominations and elected the following officers for the fiscal year ending **June 30, 2013:**

Chairman	-	Michael J. Quillen
Vice Chairman	-	(Vacated by James M. Boyd)
Treasurer	-	Rodney W. Oliver
Secretary and Clerk	-	Debra J. McNulty
Assistant Secretary and Deputy Clerk	-	Jodie L. Asbell

Chairman Quillen explained that his term on the Board had expired June 30, 2012 and that he was asked by Governor McDonnell to extend his term. The Chairman advised that he would not be completing a full five-year term and that he may only serve an additional five months.

Chairman Quillen announced that, through November, the Board would continue with the existing committee assignments.

II. APPOINTMENTS TO STANDING COMMITTEES

Committee assignments to date remain as follows:

Executive Committee

Michael J. Quillen, Chair
Jennifer D. Aument
Scott R. Bergeron
James M. Boyd (previously Vice Chair)
William H. Fralin, Jr.
Jeffrey D. Wassmer

Facilities Committee

William H. Fralin, Jr., Chair
John N. Pullen, Vice Chair
Jennifer D. Aument
Frank E. Laughon, Jr.
Robert M. Stanton

Finance/Planning Committee

Scott R. Bergeron, Chair
Juliann J. Clemente, Vice Chair
Manju S. Ganeriwala (State Treasurer)
John N. Pullen
Ting Xu

Marketing/Business Development Committee

Jennifer D. Aument, Chair
Scott R. Bergeron, Vice Chair
Juliann J. Clemente
Jeffrey D. Wassmer
Ting Xu

Security/Safety Committee

Jeffrey D. Wassmer, Chair
Frank E. Laughon, Jr., Vice Chair
William H. Fralin, Jr.
Manju S. Ganeriwala
Robert M. Stanton

NOTE: Under the Bylaws (Article XII), the Chairman and Vice Chairman of the Board are ex-officio members of all committees of which they are not a regular member.

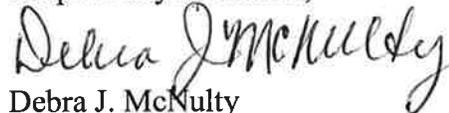
III. OTHER BUSINESS

There was no other business to report.

IV. ADJOURNMENT

There being no further business, the annual meeting adjourned at 12:15 p.m. and the Chairman called a lunch break prior to the regular meeting.

Respectfully submitted,



Debra J. McNulty
Clerk to the Board

MINUTES

Board of Commissioners - Session 346

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
July 24, 2012

Pursuant to call by Chairman Quillen, the Board of Commissioners held its regular meeting this date at 12:15 p.m., in the Authority's Conference Room, 600 World Trade Center, Norfolk, Virginia.

The following attended:

Commissioners:

Michael J. Quillen, Chairman
James M. Boyd, Vice Chairman
Jennifer D. Aument
Scott R. Bergeron
Juliann J. Clemente
The Hon. William H. Fralin, Jr.
Frank E. Laughon, Jr.
John N. Pullen
Robert M. Stanton
Jeffrey D. Wassmer
Manju S. Ganeriwala, State Treasurer

Commissioners Absent:

Ting Xu

Staff:

Jerry A. Bridges, Executive Director
J. J. (Jeff) Keever, Senior Deputy Executive Director, External Affairs
Rodney Oliver, Deputy Executive Director and CFO
Jeffrey Florin, Deputy Executive Director, Operations and COO
Russell Held, Deputy Executive Director, Development
Linda G. Ford, Director, Port Promotion
David James, Director, Contracts and Real Estate
Elizabeth Saxby, Director, Human Resources
Gregory Edwards, Director of External Affairs
Carla Welsh, Manager, Creative Services
Joe Harris, Media/Public Relations Manager
Debra J. McNulty, Clerk to the Board

Guests:

The Hon. Sean Connaughton, Secretary of Transportation
David Tyeryar, Deputy Secretary of Transportation and CFO
Jeffrey R. Allen, Sr. Assistant Attorney General, Chief-Transportation Sector

Guests (continued):

Norman Thomas, Assistant Attorney General-Transportation Sector
The Hon. Kenneth L. Wright, Mayor, City of Portsmouth
Ned Barham, Portsmouth Ports and Industrial Commission
Timothy Oksman, Portsmouth City Attorney
Charles W. "Wick" Moorman, Chairman, President & CEO, Norfolk Southern
Robert Martinez, Vice President, Business Development, Norfolk Southern
Jeffrey Heller, Group Vice President of International Marketing & Sales, Norfolk Southern
Tony Kinn, Director, Office of Transportation-Public Private Partnerships (OTPPP)
Morteza Farajian, Program Manager, OTPPP
Ryan J. Pedraza, Program Manager, OTPPP
Art Moye, Executive Vice President, Virginia Maritime Association (VMA)
David White, Vice President, VMA
Edward O'Callaghan, Century Express
Ned Barham, Sr., VP Operations, T. Parker Host
John Vickerman, Vickerman & Associates
Michael Corey, Allied Barton Security Services
John Crowley, APM Terminals
William Harrison, Williams Mullen
JoAnn Carter, Public Financial Management Group
Kevin Rotty, Public Financial Management Group
John Ryan, Vandeventer LLP (VIT Corporate Counsel)
Joseph A. Dorto, President and CEO, VIT
Joseph P. Ruddy, Executive Vice President and Chief Operating Officer, VIT
Thomas Capozzi, Vice President, Global Sales and Customer Service, VIT
Regina P. Brayboy, Vice President, Administration and Financial Services, VIT
Robert Nestor, Manager, Pricing and Strategic Planning, VIT
Mark Thorsen, Chief Information Officer, VIT
Robert McCabe, The Virginian-Pilot
Michael Shapiro, The Daily Press

I. APPROVAL OF MINUTES

Action: Upon motion made by Ms. Clemente, seconded by Ms. Ganeriwala, the minutes of the regular meeting held May 22, 2012, were unanimously approved, as circulated.

II. REPORTS OF COMMITTEES

A. Executive Committee – Mr. Michael J. Quillen, VPA Chairman

1. Presentation of W. Wright Harrison Award

Chairman Quillen explained that the W. Wright Harrison Award was named after a former Vice Chairman of the Board and is presented annually to a VPA employee. The Chairman announced that Joe Harris, VPA's Media Relations Manager, had been chosen as the recipient of this year's award. Chairman Quillen read some of the compliments that were submitted by co-workers and business associates in describing Joe's work ethic and accomplishments.

2. Notification of VIT Board of Directorship expiring November 30, 2012.

Chairman Quillen reported that the term of Wilson M. Goode expires November 30, 2012. Mr. Goode was reappointed for a full six-year term effective December 1, 2006 and is not eligible for reappointment. He is one of the Portsmouth/Chesapeake representatives on the VIT Board of Directors. According to the VIT Articles of Incorporation, the appointee's principal place of business or residence must be within the jurisdiction of Portsmouth or Chesapeake. The Chairman reported he will appoint a Nominating Committee at the VPA's September board meeting. The VPA Board will vote on an appointment to this seat at the November meeting.

Chairman Quillen decided to forego the closed session discussion on the Executive Director's FY12 Accomplishments (incentive compensation) and FY13 Compensation Plan (goals and objectives). The Chairman reported that the information was discussed in closed session in the Executive Committee meeting held earlier. There was no Board action.

B. Finance/Planning Committee – Mr. Scott R. Bergeron, Committee Chair

With Chairman Quillen's approval, Mr. Bergeron deferred the closed session discussion on business prospects for Portsmouth Marine Terminal until later, in consideration of the large number of guests present and to maintain continuity of the open session. Mr. Bergeron asked Mr. Oliver to continue with the following items:

1. VPA/VIT Combined Financial Reports

Mr. Oliver announced that fiscal year-end financial results were not available at this time but that he anticipated positive results for the June 30, 2012 year-end closing. He reviewed financial highlights for the 11 months ended May 31, 2012:

- Operating revenues year-to-date were \$2 million short of budget due to lower than anticipated volumes.
- Operating expenses were \$3.6 million over budget due to higher rail volumes and the operational delay of the two new cranes.
- Terminal Maintenance Expenses were \$7.1 million under budget, attributed to VIT and VPA cost cutting measures. Maintenance has been deferred until financial results improve, which they have over the last several months.
- Administrative expenses were \$1.3 million above budget due to the early retirement incentive costs in May.
- Facilities rent is about \$5 million under budget due to not having access to the two cranes until March 1 which also caused a delay in moving ship-line services to APMT.
- Depreciation expenses are below budget and Mr. Oliver explained the depreciation of cranes at PMT and the cranes that are advertised for sale on VPA's website.
- Commonwealth Port Fund revenues were slightly behind budget through the first 11 months. Mr. Oliver reported that May's numbers from VDOT were an improvement and slightly above expectations.

Mr. Oliver reviewed the Goals and Objectives Dashboard which reflects to-date a 60% achievement of goals. He reported that he expects the financial goal to be 100% achieved, however, VPA did not make the 6% increase in volume. Mr. Oliver reported that the first half of the fiscal year was slow but that the second half has shown improvement.

Mr. Oliver reviewed the three safety goals which were 75% achieved. He mentioned that the Greensboro rail service (one of two confidential goals), which began October 1, was very successful and that 70% of that goal was achieved. It was noted that VPA did not have a full year to achieve that goal. Mr. Oliver advised that the shipping initiative, which was a confidential goal, was 50% achieved.

2. Consideration of Resolutions 12-5 and 12-6, approving a Commonwealth Port Fund (CPF) Bond Refunding for Series 2012B&C, and related documents

It was reminded by Mr. Bergeron that the Board had approved a \$108 million bond refunding in January, taking advantage of a historically low 10-year Treasury yield, which achieved a \$13 million net present value of savings – a 12.8% savings. Mr. Bergeron reported that there was a lot of interest in the refunding with over \$500 million of investor demand against VPA's \$108 million offer.

Mr. Bergeron announced that Mr. Oliver and his staff have found additional savings with another bond refunding, taking advantage of the decline of the 10-year Treasury yield. Mr. Bergeron presented Resolution 12-5, authorizing the issuance of up to \$47,000,000 of the Authority's Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (taxable). He reported that VPA expects an estimated savings of \$3 million, net present value, which is about 7.6% and within the Commonwealth's guidelines of 3% as a target.

Mr. Bergeron presented Resolution 12-6, which is a \$6 million tax-exempt bond offering with an estimated savings of just over \$300,000 or 6.17% which is also within the Commonwealth's guidelines.

Mr. Bergeron reported that the Finance/Planning Committee met this morning with the Facilities Committee and that it was the recommendation of the Finance/Planning Committee to approve Resolutions 12-5 and 12-6.

It was reminded by Chairman Quillen that Resolution 12-6 was adjusted at the suggestion of Ms. Ganeriwala, during the Finance/Planning Committee meeting, to reduce the issue from \$7 million to \$6 million.

Action: Upon motion made by Mr. Bergeron, seconded by Ms. Ganeriwala, the Board unanimously approved Resolution 12-5, supplementing and amending Resolution 02-4 of the VPA and authorizing the issuance of up to \$47,000,000 of the Authority's Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (taxable); and Resolution 12-6, supplementing Resolution 02-4 of the VPA and authorizing the issuance of up to \$6,000,000 of the Authority's Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C.

C. Facilities Committee – Mr. William H. Fralin, Jr., Committee Chair

Mr. Florin presented the Capital Outlay Program and Facilities Maintenance Overview featuring updated slides on the following ongoing projects:

- NIT Main Gate Rail Yard – Project Completed
- NIT Marshalling Yard
- NIT Gate Improvements

- NIT Customs & Border Patrol Interchange Site
- NIT Customer Service Area
- NNMT Pier C Bollard Upgrade
- PMT Empty Yard Improvements
- APMT Rail Phase 2 / Reefer Plugs
- Craney Island Cross Dikes Stage 2A

Mr. Florin announced that the Finance/Planning Committee met earlier and reviewed the framework and assumptions for the VPA 2012 Master Plan Update. He reported that the information would also be used in the analysis for the PPTA process.

D. Marketing/Business Development Committee – Ms. Jennifer D. Aument, Committee Chair

Ms. Aument announced that VPA signed a Memorandum of Understanding with the Virginia Economic Development Partnership (VEDP) on June 27, 2012, and she said the document would serve as a framework for strengthening the relationship between the two agencies. Ms. Aument reported that it was a good kick-off meeting and that staff has had an orientation session and worked to put together new guidelines for the Economic and Infrastructure Grant.

Ms. Aument announced that VPA is providing office space in the World Trade Center for Ms. Jordan Watkins, VEDP's Manager of International Trade.

Ms. Aument stated that the partnership between VPA and VEDP is reflective of the Board's view that strong economic development is critical to the continued success of the Port. Ms. Aument referred to Mr. Fralin and Ms. Clemente's suggestions from the last meeting and she announced that the Marketing/Business Development Committee will also look at missed opportunities. She advised that they plan to conduct workshop sessions to see where there are missed opportunities and how the Port can strengthen its program.

Mr. Held presented Fiscal Year-End and Calendar Year-End results as follows:

2012 Fiscal Year to Date, July-June

	FY 2012	FY 2011	Change
Total TEUs	1,968,849	1,903,160	+3.5
Export TEUs	1,062,263	1,015,966	+4.6
Import TEUs	906,586	887,194	+2.2
Total Rail Containers	350,060	304,731	+14.9
VIP Containers	33,917	32,958	+2.9
Ship Calls	1,898	1,798	+5.6
JRB Containers	6,837	5,450	+25.4
Breakbulk Tonnage	366,381	304,626	+20.3

Source: Terminal Database

2012 Calendar Year to Date, January-June

	CY 2012	CY 2011	Change%
Total TEUs	994,727	943,907	+5.4
Export TEUs	537,781	507,654	+5.9
Import TEUs	456,946	439,253	+4.7
Total Rail Containers	179,748	160,018	+12.3
VIP Containers	17,440	17,628	-1.1
Ship Calls	965	895	7.8
JRB Containers	4,797	2,348	+104.3
Breakbulk Tonnage	187,762	168,939	+11.1

Source: Terminal Database

Mr. Held commended Mr. Capozzi, Mr. Ruddy, and Mr. Florin for their work on the Greensboro rail project which contributed to the 14.9% increase in rail volume for this fiscal year. Mr. Held reported that the Port saw a significant increase in the James River Barge (JRB) container traffic as well as vehicle business at Newport News Marine Terminal (NNMT), which increased by 43%.

Mr. Held reported that volumes came in very close to budget and he presented a comparison of container units - budgeted vs. actual; U.S. East Coast ports fiscal year-end growth; USEC calendar year-end growth; and USEC month-over-month growth.

Mr. Held concluded with an overview of the following economic development announcements:

- Triton International – Springfield – 25 new jobs
- Sabra Dipping Company – Expansion in Chesterfield – 90 new jobs
- International Paper reopening – Franklin – 200 jobs
- Coastal Logistics Group, Inc. – Expansion in Suffolk
- Atlantic Trucking Company – Relocation in Chesapeake – 17 new trucking jobs

E. Security/Safety Committee – Mr. Jeffrey D. Wassmer, Committee Chair

Mr. Wassmer reported that VPA had met two out of three safety/security goals this fiscal year and he noted that safety violations decreased significantly since VPA instituted the three-strike rules at the terminals. Mr. Wassmer remarked that the transition of VPA’s security force was completed professionally and that morale seemed to be good when he visited with the police force last week.

Mr. Merkle reported on the following:

- Security Contract Renewal – Selection is scheduled for November 1, 2012
- Port Security Grant Award 2012 – VPA received slightly over \$1 million in grant funds and VPA match is \$340,200.
- Safety Review – VPA surveyed over 300 terminal workers in May 2012.

- Climate Assessment
- Terminal Safety Unit Efforts
- FY12 Lost Work Day
- FY12 Mishap Classification –Classes A-E
- FY13 Safety Goals

The following FY13 safety goals were reviewed by Mr. Merkle:

- Partner with VIT to implement a safety program and controls to reduce lost-time accidents/injuries by applying for the registration for OHSAS 18001. (50% of Goal)
- Achieve 25% reduction from FY12 in Class C (Lost Work Days <30 Days) and Class D (All Others) injury and property MISHAPS with no Class A (Fatality or Total Disability) or Class B (Partial Disability) injury and property MISHAPS. (25% of Goal)
- Building on the Port's Continuity of Operations Plan (COOP), write a comprehensive Port of Virginia Crisis Management Plan. (25% of Goal)

IV. REPORT OF EXECUTIVE DIRECTOR

At this time, Chairman Quillen opened the floor to public comments and the Board heard from the Honorable Kenneth Wright, Mayor of Portsmouth, and Mr. Art Moye, Executive Vice President of the Virginia Maritime Association.

Copies of remarks by Mayor Wright and Mr. Moye are attached.

Chairman Quillen thanked both gentlemen for their comments and he announced that the VPA Board would set a schedule for a public comment forum that would involve all constituents of the Port.

Mr. Fralin emphasized that the Board does not have all of the facts surrounding the PPTA proposal(s) "before we know it is a good or bad deal". Mr. Fralin said that the Chairman's comments were on target and he explained that the VPA Board has a fiduciary responsibility to carefully examine the proposals.

Mr. Bridges reported that the ILA has been in talks for their Master Contract which expires in September. He announced that there have been very positive results coming out of the meetings. Mr. Bridges reported that two issues that have been the most contentious were agreed to and they are chassis repair and automation. Mr. Bridges reported that authorization has been given to start local negotiations.

Chairman Quillen reported that he has had numerous discussions with the Chair of the VIT Board after receiving her letter expressing the Board's concerns about confidentiality and the release of proprietary information to APMT.

The Chairman announced that there would be consecutive closed sessions prior to open session adjournment, with no action coming out of the proceedings. Guests and certain staff members were excused at this time.

V. UNFINISHED BUSINESS (Secretary Connaughton arrived at this time.)

At 1:28 p.m., upon motion by Mr. Bergeron and duly seconded by Ms. Clemente, the Board voted to convene a **closed meeting** pursuant to Virginia Code §2.2-3711(A)(5), to discuss business prospects for Portsmouth Marine Terminal (PMT).

At 1:45 p.m., upon motion by Mr. Bergeron, seconded by Ms. Clemente, and, having certified that the matters discussed in the preceding closed session met the requirements of §2.2-3712 of the Code, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:

Ayes: 11 (Aument, Bergeron, Boyd, Clemente, Fralin, Ganeriwala, Laughon, Pullen, Quillen, Stanton, Wassmer)

Nays: 0

Absent During Vote: 1 (Xu)

Absent During Meeting: 1 (Xu)

At 1:48 p.m., upon motion by Ms. Clemente and duly seconded by Mr. Pullen, the Board voted to convene a **closed meeting** pursuant to Virginia Code §2.2-3711(A)(28), to hear a status report by the Office of the Secretary of Transportation regarding a proposal under the Virginia Public-Private Transportation Act and discussion of same.

At 3:00 p.m., upon motion by Ms. Clemente, seconded by Mr. Fralin, the Board **temporarily suspended the closed session** until later in the meeting and, having certified that the matters discussed in the preceding closed session met the requirements of Virginia Code §2.2-3712, the Board reconvened in open session.

The resolution certifying the suspended closed session was read and passed by a roll call vote of the Board as follows:

Ayes: 10 (Bergeron, Boyd, Clemente, Fralin, Ganeriwala, Laughon, Pullen, Quillen, Stanton, Wassmer)

Nays: 0

Absent During Vote: 2 (Aument, Xu)

Absent During Meeting: 1 (Xu)

At 3:02 p.m., upon motion by Ms. Clemente and duly seconded by Mr. Boyd, the Board voted to convene a **closed meeting** pursuant to Virginia Code §2.2-3711(A)(38), and pursuant to §62.1-132.4, to discuss proprietary financial information, with regard to VIT.

At 3:39 p.m., upon motion by Ms. Clemente, seconded by Mr. Bergeron, and having certified that the matters discussed in the preceding closed session met the requirements of Virginia Code §2.2-3712, the Board reconvened in open session.

The resolution certifying the closed session was read and passed by a roll call vote of the Board as follows:

Ayes: 11 (Aument, Boyd, Clemente, Fralin, Ganeriwala, Laughon, Pullen, Quillen, Stanton, Wassmer)

Nays: 0

Absent During Vote: 1(Xu)

Absent During Meeting: 1 (Xu)

VI. NEW BUSINESS

Chairman Quillen asked for suggestions for a location to convene the special Board meeting scheduled for August 22nd. The Chairman suggested that the meeting start at 10:00 a.m. and the Secretary advised he would reserve a meeting room in Richmond.

Mr. Oliver advised that he was planning to present a draft lease for EcoFUELS Pellet Storage, LLC, for the Board's approval and that company representatives are expected to attend the meeting. The Chairman advised that only the PPTA update and the lease should be on the agenda.

Mr. Bergeron asked if the VPA would be hiring a public relations firm to assist in the PPTA process. The Chairman suggested that VPA staff come back with some recommendations and work through Ms. Aument's Marketing/Business Development Committee. Mr. Fralin suggested that a decision be made earlier than August 22nd and he requested that the Board empower the Executive Director to contract with a firm for about three months of work at a cost of \$60,000-\$90,000. Chairman Quillen advised that the Executive Director has the power but that he should run it through the Committee.

Mr. Laughon asked if VPA Board members were expected to be at all of the PPTA public hearings. The Chairman advised that Board members were not expected to be present. He announced that he plans to attend the public hearing scheduled in Richmond by the legislature for August 24th. Mr. Fralin advised that there should be no reason for the Board to meet again before August 22nd.

The Secretary advised that the VPA Board should conduct a public hearing in September and he said it should not be held in Richmond.

VII. ADJOURNMENT

There being no further business and no public comments, the open meeting adjourned at 3:45 p.m. The Board members announced and then reconvened the previously suspended closed session with the Secretary to continue PPTA discussions. At the conclusion thereof, the Board certified that the matters discussed in the preceding closed session met the requirements of Virginia Code §2.2-3712.

The Board came out of closed session at 4:30 p.m.

A special meeting of the VPA Board will be held on August 22, 2012. Details to follow.

The next regularly scheduled meeting of the Board of Commissioners will be held on Tuesday, September 25, 2012, in the Authority's Conference Room, 600 World Trade Center, Norfolk.

Respectfully submitted,

A handwritten signature in black ink that reads "Debra J. McNulty". The signature is written in a cursive style with a large, looping "J" and "y".

Debra J. McNulty
Clerk to the Board

Remarks by Chairman Michael J. Quillen
VPA Board of Commissioners Meeting – July 24, 2012

I would like to take a few moments at this point in today's meeting and relay some thoughts and observations. First about the elephant in the room. I am glad that today is finally here and we can all participate, learn more, ask questions and have a better understanding of what the next few months involve. However, first I want to personally and on behalf of all Commissioners thank all VPA and all VIT employees for their effort and dedication during these past several weeks. We recognize that concentration is difficult during times of uncertainty and sincerely appreciate your continued work toward making the Port of Virginia the best it can be. To our customers we appreciate your business and your continued faith in our facilities and service and hope to continue to earn that faith. It is our intent to diligently and thoroughly evaluate the options now before us and bring this to resolution as rapidly as possible. In the meantime we would hope that everyone work safe and recognize this is a complex evaluation and we want to give adequate consideration to the multiple factors that are involved.

Over the past several weeks there has been a lot of rumor and speculation about the proposal before us. I will not address all those rumors as that just perpetuate more, but I would like to address a few. I can say without reservation that this group of Commissioners has one objective and that is to perform its assigned duties of oversight and direction to the betterment of the Port of Virginia. There was no directive given when the new Commissioners were appointed to do anything except apply their experience and talents to assist Port management in moving forward. We were made aware of the unsolicited bid at approximately the same time it was made public. We have no preset agenda and we are not on a fast track to any prescribed decision. We will perform our fiduciary duty in evaluating this or any other action that comes before this Board drawing on whatever talents are required to give us a thorough and educated understanding on which to make our decisions.

We recognize there are many constituents that have a stake in any decision we might make and we want to publicly state that all constituents' viewpoints will be considered. This is not just about operating the Port but also about employees, customers, local communities, economic development, truckers, railroads, service providers, bondholders, the maritime community, etc. We appreciate the comments received to date and will be announcing additional opportunities to submit or make comments or suggestions.

We are working with the Secretary and the PPTA office to evaluate what is before us and are pleased that the date for submittal for others to express interest was extended. We also are working with and encouraging VIT to present their best long range forecast for the Port under their management including volumes, revenue, cost and capital. We have been kept up to date on the process and look forward to being briefed today on the thoughts of the Secretary and the PPTA staff. We have scheduled another meeting outside our normal published dates for August 22nd to get a second briefing after the extended date is past. VPA senior management has been involved with the PPTA staff working on the complex process of evaluation that will take place when all bids are received and we have VIT's latest thinking. The VPA Commission

obviously has the right to bring in its own outside expertise or advisors if we should see the need to do so and have taken steps to determine who is available that can react quickly and without conflict. In addition we are in communication with the legislative advisory committee appointed by the Governor, the VIT Board and local jurisdictions. We recognize there is proposed time line to bring this to the decision point but we are not bound by any definitive date and will take as long as needed to get the right answer. We obviously will have to conduct some of our discussions in non-public sessions due to the confidential nature of the data being considered but we intend to be communicative and conduct our deliberations with as much transparency as possible. We do have a couple of speakers that have asked in advance for a few moments today but will also establish an appropriate venue for additional comments.

Now on to the real day to day business. As mentioned we do appreciate the effort of all employees and will hear today some pretty positive news on business at the Port and improving trends. We are in the first month of our new fiscal year and actually have some optimism that the efforts of VPA and VIT are paying off. Likewise our Committees are all active and moving forward with their objectives. We are significantly increasing our attention to safety at the facilities as this is an area where standards are high and we are looking for major improvement. Our marketing group is very active and will report some positive events today. Our facilities committee is working on the appropriate long term capital plan to address our needs, the economy, our opportunities including expansion of the Panama Canal and our competition. We continue to develop our relationship with VEDP and look forward to enhanced economic development opportunities. Our relationship and communication with the VIT Board is stronger than ever with two of our Commissioners actively involved in their deliberations. Our understanding of the finances of both VPA and VIT is improved and their understanding of our expectations for performance is I think clear. Thus we are moving forward.

One final point I want to address is the recent announcement by the Obama Administration that seven port projects will be expedited on the Federal level. Virginia was not included in that list. We want to work with the Maritime Community, our Senators and Legislators to bring attention to the opportunities we have at the Port of Virginia by continuing to improve our channels. Yes we currently have the advantage of the fifty foot draft but if we deepen to 55 or 57 feet there is even more opportunity. In addition to servicing even larger container ships and enhancing our ability for first in or last out business we have our coal and military business already here that also would benefit from additional depth. We have an already approved depository for dredged material and thus do not require all the additional permits that others on the list will need. We should not be complacent and watch Federal dollars expended on infrastructure that will not provide the return on investment as much as deepening Hampton Roads. Fifty feet is not the ultimate depth with what is happening in worldwide shipping and there are other cargoes besides containers that are going even bigger. We need to be aggressive on this point.

Thank you.

**COMMENTS OF MAYOR KENNETH WRIGHT
TO VIRGINIA PORT AUTHORITY
July 24, 2012**

The APM proposal is beyond question the most important capital proposal ever received in Virginia history. It involves a transfer of control over Virginia's most valuable capital asset for a long period of time - - almost half a century.

Because of the extraordinary magnitude of the proposal, it is critically important to use extreme care and due diligence in the review process. We can't afford to make a mistake on something this important.

The first question is - - who will conduct the review process?

The Secretary of Transportation will be reviewing the proposal with his professional staff and consultants from the point of view of his office. That's good.

The Virginia Maritime Association will be reviewing the proposal, polling its members, and then making comments from that organization's point of view. That's also good.

Each of the three host cities will be reviewing the proposal from their own different perspectives. That's also good.

The Hampton Roads Partnership will be reviewing the proposal from a regional point of view. That's also good.

But there also needs to be a broad overall review of the proposal from the one entity that has the largest stake - - the Virginia Port Authority itself.

For that reason, my main purpose in speaking today is to respectfully ask the Port Authority to conduct a detailed, careful, and unrushed review of all aspects of the APM proposal. This is part of your mission, and it's a task you're uniquely qualified to perform - - not only because of your official responsibilities, but because of the

impressive business and professional knowledge and good judgment you bring to the table.

The second question is - - what should your review encompass? I can only scratch the surface, but your review should include at least the following important subjects –

Will the APM lease result in an overall increase in ship visits and cargo?

What effect will the lease have on shipping lines other than Maersk?

What effect will the lease have on the three host cities?

What effect will the lease have on the many independent businesses and industries that are dependent on the Port for their continued success?

What will happen if the lease proves unprofitable to APM after several years?

What restrictions will there be on possible subsequent assignment of the lease by APM to some other party?

What continuing oversight will the Port Authority have over performance of the lease obligations, and also the condition of the three terminals?

What effect will the lease have on Norfolk Naval Base? Will any security issues be created?

What effect will the lease have on NIT, PMT, NNMT, the present APM Portsmouth Terminal, and the proposed Craney Island Terminal?

What effect will the lease have on traffic, highways, and tunnels in the region?

In summary, Portsmouth is not asking the Port Authority either to embrace the lease or to reject it. Please study it thoroughly and carefully, consult with all stakeholders, and exercise your best independent judgment before making a decision.

[At this time, Mayor Wright distributed a copy of the resolution recently adopted by Portsmouth City Council, which is attached.]

A RESOLUTION CONCERNING AN UNSOLICITED PROPOSAL FROM APM TERMINALS TO LEASE AND OPERATE THE PORT OF VIRGINIA.

WHEREAS, the existence of the Port of Virginia was brought about when Governor Holton and the General Assembly of Virginia consolidated the independent ports of Portsmouth, Norfolk, and Newport News in the early 1970's, and

WHEREAS since then, the Port of Virginia has been owned and operated by the Virginia Port Authority, and today the port is the most valuable publicly owned asset in the Commonwealth of Virginia, contributing immeasurably year after year to state tax revenues and business profitability, business growth, and employment throughout the Commonwealth, and

WHEREAS Portsmouth has supported the Port of Virginia and the maritime economy in numerous important ways over the years, including designing Route 164 to accommodate rail service, clearing the Port Authority's title to ownership of Portsmouth Marine Terminal, providing funds to construct the Pinnars Point Connector, obtaining federal funding for the Route 164 rail corridor, clearing title for the rail corridor, and helping to plan the Craney Island transportation corridor, and

WHEREAS, for the past several years, APM Terminals ("APM") has operated a state-of-the-art maritime terminal in Portsmouth, and the terminal has met or exceeded every operational, efficiency and environmental goal, and APM has been a model corporate citizen in Portsmouth and has contributed in numerous ways to improving the quality of life for Portsmouth citizens, and

WHEREAS, APM has submitted to the Virginia Secretary of Transportation an unsolicited proposal under the Virginia Public-Private Transportation Act to lease and operate the Port of Virginia, and

WHEREAS, APM Terminals is part of the A. P. Moller-Maersk Group corporate family ("Maersk"), and Maersk, a Danish company, is the largest and most successful shipping company in the world, and

WHEREAS, having a Maersk company operate the Port of Virginia is likely to cause very substantial growth in ship visits here, with vast potential economic benefit for the state and for Hampton Roads, possibly causing the Port of Virginia to become the largest port on the East Coast, and

WHEREAS, the APM proposal would entail making certain cash and property payments by APM to the state in exchange for being able to operate the Port of Virginia for a term of forty-eight years, and

WHEREAS, the property payment would be to transfer ownership of the APM Portsmouth Terminal to the Virginia Port Authority at the beginning of the lease, and

WHEREAS, the APM Portsmouth Terminal presently generates real property taxes in excess of \$4,000,000 per year to Portsmouth because it is privately owned, and transfer of ownership from APM to the Virginia Port Authority at the beginning of the lease would make the property tax exempt as of that date, and

WHEREAS, Portsmouth already has the highest real estate tax rate in the Hampton Roads region, primarily because almost half the real estate in the city, by assessed value, is tax exempt, primarily due to ownership by either the federal government or the state government, and

WHEREAS, the loss of real estate tax revenue from the APM Terminal would have a devastating effect on Portsmouth's real estate tax rate, its ability to pay for essential city services such as police, fire, and public education, its bond rating, its businesses, and the quality of life for working Portsmouth families, and

WHEREAS, the Portsmouth Marine Terminal currently pays little or no taxes to Portsmouth, and

WHEREAS, it is presently contemplated that the APM lease be signed by the Secretary of Transportation alone after a relatively brief review period, and

WHEREAS, extreme care and thorough study should be used before making any major decision about the future of the Port of Virginia,

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Portsmouth, Virginia:

1. That the Secretary of Transportation and the Virginia Port Authority, each exercising their respective independent powers and duties, are respectfully requested:

A. To delay signing the lease until its full ramifications for Portsmouth, for Virginia, and for the Hampton Roads region are fully understood and deemed acceptable.

B. To have appropriate members of the General Assembly of Virginia participate in the review process.

C. To receive and meaningfully consider input from all stakeholders, including the Virginia Maritime Association.

D. To negotiate and modify the terms of the proposed lease so that it is no worse than revenue-neutral for Portsmouth, after consideration of combined local tax revenue from the present APM Terminal, any possible expansion of that terminal, and the Portsmouth Marine Terminal.

E. To ensure that financial proceeds from the proposed lease are used primarily to benefit the Hampton Roads region.

F. To give due consideration to the vast benefits that may accrue to the Virginia and the region if the terms of the proposed APM lease can be made equitable for all stakeholders.

2. That the City Manager and City Attorney are directed to monitor the status of the proposed lease for the purpose of protecting the City's interests, and they shall report the status of same to City Council from time to time, promptly with any material development.

3. That the Portsmouth delegation to the General Assembly of Virginia, and all legislators, are hereby requested to take such actions as are appropriate to protect the interests of Portsmouth and its citizens with regard to the proposed lease.

4. That the Portsmouth congressional delegation is hereby requested to do the same.

Adopted by the Council of the City of Portsmouth, Virginia, at a meeting held on July 10, 2012.

Teste:

City Clerk

PUBLIC COMMENT STATEMENT
By Arthur W. Moye, Jr., Executive Vice President
Virginia Maritime Association

VPA Board of Commissioners Meeting
July 24, 2012

On behalf of the Virginia Maritime Association (VMA), first let me state that the VMA has the highest regard for the Virginia Port Authority and this Board. Since first becoming aware of the APM proposal at the end of May, the VMA recognized the magnitude of the potential effect on our members and began working on obtaining information and clarification with regard to the proposal.

Our Board received a presentation for Mr. Eric Sisco, of APM; from Mr. Tony Kinn of the P3 office; as well as discussions with various industry executives. We appreciate Mr. Sisco and Mr. Kinn taking time from their busy schedules to provide these presentations. Information concerning the proposal was posted to our website and we developed and submitted a questionnaire to our membership to determine a membership position or opinion of the proposal.

That survey was concluded Friday and our Executive Committee met yesterday to review the results. Prior to making these results and comments available to members, we felt it proper to first provide this Board with the information. I will leave copies of the survey with Debbie for distribution to you. I trust you will have an opportunity to review the results, but I would like to point out one question we feel is significant and that is the first question on page 3. "Generally speaking, are you for or against this proposed change in the operation of the state-owned terminals?" 15% indicated "for", 71% were "against", and 13% indicated they needed more information.

The Executive Committee also recommended the full VMA Board adopt a formal position on the proposal for public distribution.

Thank you for allowing me this time and we urge care and caution in your evaluation of this APM proposal or any other that might be received by August 13th. The future of our port is at stake, as well as the future of many Virginians.

RESOLUTION NO. 12-5

SERIES RESOLUTION SUPPLEMENTING AND AMENDING RESOLUTION NO. 02-4 OF THE VIRGINIA PORT AUTHORITY AND AUTHORIZING THE ISSUANCE OF UP TO \$47,000,000 OF THE AUTHORITY'S COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS, SERIES 2012B (TAXABLE) AND RELATED MATTERS.

IT IS RESOLVED by the Board of Commissioners of Virginia Port Authority (the "Authority"), as follows:

Section 1. Findings and Determinations.

(a) On May 28, 2002, the Board adopted Resolution 02-4 (as amended and supplemented, the "2002 Resolution"), which provides in Section 2.10 for the issuance of additional Series of Bonds (as defined therein) by the Authority for the purpose of providing funds for refunding all or, if then permitted by law, any Bonds then outstanding, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to the redemption date or stated maturity date or dates and any expenses in connection with such refunding.

(b) Section 11.01(a) of the 2002 Resolution permits the Board to adopt such resolutions supplementing the 2002 Resolution to cure any ambiguity or formal defect or omission in the 2002 Resolution. The Board has determined that a defect exists in the language of Section 2.10(c)(II)(B) with regard to demonstrating debt service savings in connection with the issuance of a series of Refunding Bonds, and desires to correct such defect as further set forth in Section 11 hereof.

(c) The Authority has previously issued several Series of Bonds under the 2002 Resolution, including a Series issued in 2005 (the "Series 2005A Bonds"), which were originally issued on April 14, 2005, in an original aggregate principal amount of \$55,095,000, bearing interest rates ranging from 4.875% to 5.25%, and as of July 1, 2012, remain outstanding in principal amount of \$44,990,000.

(d) In Item 456.A.3 of Chapter 3 of the 2012 Acts of Assembly, the General Assembly of the Commonwealth has authorized the Authority to refund the Series 2005A Bonds.

(e) The Board now desires to issue a Series of Bonds (the "Series 2012B Bonds") under the 2002 Resolution and this Series Resolution to refund, defease and redeem at or after the first call date all or a portion of the Series 2005A Bonds, which Series 2012B Bonds will be issued on a taxable basis. The Board has been advised by counsel that, under applicable federal income tax laws and regulations, tax-exempt Bonds issued to refund the Series 2005A Bonds cannot be issued more than 90 days prior

to the first optional redemption date, which is July 1, 2015 (at a redemption price of 100%). This is the “current refunding” limitation. Taxable bonds, however, are not subject to this limitation and may be issued at any time.

(f) Accordingly, the Authority can only issue its Series 2012B Bonds on a taxable basis.

(g) In a taxable refunding, the Series 2012B Bonds could be issued upon receipt of all necessary approvals, and the Authority would use the proceeds to refund and defease all or a portion of the Series 2005A Bonds. The refunded 2005A Bonds would be redeemed on or after July 1, 2015.

(h) The Authority’s financial advisor has advised that, given current market conditions, the taxable refunding produces net present value debt service savings of not less than 3%. Accordingly, the Board wishes to authorize the Authority to pursue the taxable issue, depending on market conditions and subject to certain Refunding Conditions, as defined herein.

(i) The Board also wishes to authorize the Authority to obtain Treasury Board approval of the Series 2012B Bonds and the foregoing plan of finance.

(j) There has been presented to the Board (i) a proposed Preliminary Official Statement describing the Series 2012B Bonds, the security therefor and the Authority and its operations (the “Preliminary Official Statement”), (ii) the form of a proposed Bond Purchase Agreement between the Underwriters and the Authority, by which the Underwriters would agree to purchase, and the Authority would agree to sell the Series 2012B Bonds (the “Bond Purchase Agreement”), (iii) the form of a proposed Escrow Agreement to be entered into with an Escrow Agent, pursuant to which the Authority would purchase certain Defeasance Obligations as required by the 2002 Resolution to provide for the refunding, defeasance and redemption of the refunded Bonds, and (iv) the form of a Continuing Disclosure Agreement (collectively, the “Refunding Documents”).

(k) The Board has duly reviewed and considered the forms of the Refunding Documents and has determined that each is in acceptable form, subject to changes, insertions and omissions of each Refunding Document as contemplated by Sections 5 and 6 of this Resolution.

(l) Section 2.10 of the 2002 Resolution contemplates that in this Series Resolution the Board will fix or provide for the aggregate principal amount of the Series 2012B Bonds, the maturity dates, the interest rates, the redemption provisions and other details thereof, and provide for the application of the proceeds of the Series 2012B Bonds.

(m) It is necessary to delegate the power and authority to approve the sale of the Series 2012B Bonds and such details thereof as can only be determined under the actual prevailing market conditions when the Underwriters enter into the Bond Purchase Agreement for the Series 2012B Bonds as authorized by this Series Resolution. The Executive Director and the Deputy Executive Director and CFO, either of whom may act (each a “Delegate”), are hereby delegated the power and authority to act on the Board’s

behalf in all matters related to the sale and issuance of the Series 2012B Bonds, subject to the Refunding Conditions and any other limitation contained in this Series Resolution.

Section 2. Refunding Matters. (a) Pursuant to Section 2.10 of the 2002 Resolution, the Series 2012B Bonds, to be designated the “Virginia Port Authority Commonwealth Port Fund Revenue Refunding Bonds, Series 2012B (Taxable),” are hereby authorized to be issued for the purpose of providing funds, with other funds available therefor, to refund, defease and redeem at or after the first call date all or any portion of the Series 2005A Bonds (the “Refunded Bonds”) and to pay costs of issuance of the Series 2012B Bonds, all as described in the foregoing plan of finance, subject, however, to the conditions (the “Refunding Conditions”) as follows:

(i) The aggregate principal amount of the Series 2012B Bonds shall not exceed \$47,000,000.

(ii) The Series 2012B Bonds shall be Current Interest Bonds, dated a date that is on or before the date of their delivery, shall be Serial Bonds or a combination of Serial Bonds and Term Bonds, shall mature in such amounts on July 1 of such years not later than 2029, subject to the right of prior redemption and sinking fund requirements, and shall bear interest payable on January 1 and July 1 in each year, at such rates per annum, the true interest cost of which in the aggregate shall not exceed three and a half percent (3.50%), all as may be fixed by a certificate of the Executive Director.

(iii) The net present value debt service savings to be achieved by the Authority upon issuance of the Series 2012B Bonds shall not be less than three percent (3%).

(b) The Series 2012B Bonds will be issued in fully registered form and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York (“DTC”) and immobilized in the custody of or on behalf of DTC. One fully registered Bond for the original principal amount of each maturity will be registered to Cede & Co. Beneficial owners will not receive physical delivery of the Bonds. Individual purchases of the Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. Payments of the principal of and premium, if any, and interest of the Bonds will be made to DTC or its nominee as registered owner of the Bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee of DTC, is the registered owner of the Bonds, references in the 2002 Resolution or this Series Resolution to the holders of the Bonds mean Cede & Co. and do not mean the beneficial owners of the Bonds.

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

(l) DTC determines not to continue to act as securities depository for the Bonds.

- (2) The Authority has advised DTC of its determination that DTC is incapable of discharging its duties; or
- (3) The Authority has determined that it is in the best interests of the beneficial owners of the Bonds not to continue the book-entry system of transfer.

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

The Series 2012B Bonds will be issued substantially in the form set forth in Section 2.02 of the 2002 Resolution, with appropriate variations, omissions and insertions as permitted or required by the 2002 Resolution and this Series Resolution. There may be endorsed on the Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirements of law.

(c) Pursuant to the 2002 Resolution, the Authority hereby makes or confirms the appointments of (i) U.S. Bank National Association as Trustee, Paying Agent and Bond Registrar for the Series 2012B Bonds and as Escrow Agent for the Refunded Bonds and (ii) Morgan Keegan & Company, Inc. as Representative for the Underwriters, such Underwriters to consist of a group of firms designated by the Authority.

(d) The Authority is authorized to obtain the services of a firm qualified under the 2002 Resolution to verify the mathematical computations associated with the refunding of the Refunded Bonds, including its provision of an independent confirmation of the sufficiency and yield of the Defeasance Obligations deposited in the Escrow Fund created under the Escrow Agreement.

Section 3. Optional Redemption. The Series 2012B Bonds shall be subject to optional redemption as market conditions shall dictate at the time of sale, upon the payment of such redemption premium as such market conditions shall dictate, as specifically approved by the Delegate.

Section 4. Terms of Purchase. Subject to the Refunding Conditions, the

Delegate is hereby authorized, if the Authority's financial advisor shall so recommend, to accept an offer of the Underwriters, in the form of the Bond Purchase Agreement, to purchase all of the Series 2012B Bonds at a purchase price of not less than ninety-eight percent (98%) of their aggregate initial reoffering prices, plus any accrued interest, upon the terms and conditions set forth in the Bond Purchase Agreement.

Section 5. Approval of Official Statement. Subject to the approval of the Delegate, the distribution of the Preliminary Official Statement by the Underwriters in connection with the offering of the Series 2012B Bonds, prior to the availability of the Official Statement, is hereby authorized. The Chairman or the Vice Chairman of the Board and the Delegate are hereby authorized and directed to execute and deliver a final Official Statement, in substantially the form of the Preliminary Official Statement approved this day by the Board including any amendments or supplements thereto to the Underwriters for their use in making a public offering of the Series 2012B Bonds upon the terms set forth therein and in the Bond Purchase Agreement, with such further changes, insertions and omissions as may be approved by the Chairman or Vice Chairman and the Delegate, and the execution by the Chairman or Vice Chairman and the Delegate of the Official Statement shall be conclusive evidence of any such approval.

Section 6. Approval of Other Refunding Documents. The Delegate is hereby authorized to execute and deliver the other Refunding Documents, such Documents to be in substantially the form presented to this meeting, with such changes, insertions and omissions as may be approved by the Delegate and his execution of such Documents shall be conclusive evidence of such approval.

Section 7. Execution of the Bonds. The Series 2012B Bonds shall be signed by or executed with the facsimile signature of the Executive Director and shall be signed by or executed with the facsimile signature of the Secretary of the Authority, and the seal of the Authority shall be impressed or a facsimile of the seal of the Authority shall be imprinted on the Series 2012B Bonds, and the Series 2012B Bonds shall be authenticated by the Bond Registrar under the 2002 Resolution, and shall be delivered to or for the account of the Underwriters upon receipt of the purchase price set forth in the Bond Purchase Agreement executed and delivered by the Delegate. The Bond Registrar is hereby authorized and directed to authenticate and deliver the Series 2012B Bonds as provided above.

Section 8. Application of Proceeds of the Series. The proceeds of the Series 2012B Bonds shall be transferred by the Trustee to the Escrow Agent for deposit, together with other available funds, in the Escrow Fund and applied by the Escrow Agent as required by the Escrow Agreement or used by the Authority to pay costs of issuance of the Series 2012B Bonds.

Section 9. Defeasance. The Delegate is authorized to execute and deliver the Escrow Agreement and to purchase Defeasance Obligations to be held thereunder on any date (which need not be the same date in each case) between the dated date of the Bond Purchase Agreement and the delivery date of the Series 2012B Bonds.

Section 10. Treasury Board Approval. The Authority requests the Treasury Board

of the Commonwealth to approve the terms and structure of the Series 2012B Bonds in accordance with the provisions of Sections 2.2-2416.5 and 2.2-2416.7 of the Code of Virginia of 1950, as amended. The Authority is authorized and directed to make application for such approval of the Treasury Board and to furnish such materials and do such things as may be required to obtain such approval.

Section 11. Amendment of Section 2.10(c)(II)(B) of the 2002 Resolution. Section 2.10(c)(II)(B) of the 2002 Resolution is hereby amended and restated in its entirety as follows:

(B) in the case of a refunding of Bonds, the Authority shall demonstrate that the Principal and Interest Requirements on the Bonds, including the Refunding Bonds then proposed to be delivered but excluding the Bonds to be refunded, are not greater in each Bond Year in the period beginning with the Bond Year in which the Refunding Bonds are proposed to be delivered and ending with the last Fiscal Year in which there remain outstanding Bonds (not including the Refunding Bonds) after the delivery of the Refunding Bonds.

Section 12. Further Action. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may, in their discretion, deem necessary of useful in connection with the issuance of the Series 2012 Bonds, subject to and upon the advice of counsel.

Section 13. Other Definitions. All terms not otherwise defined herein shall have the meanings ascribed thereto by the 2002 Resolution.

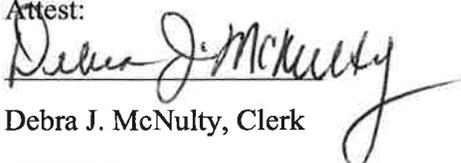
Section 14. Effective Date. This Series Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

PASSED AND ADOPTED this 24th day of July, 2012


Michael J. Quillen, Chairman

Attest:


Debra J. McNulty, Clerk

18542088_3

Resolution 12-6

SERIES RESOLUTION SUPPLEMENTING RESOLUTION 02-4 OF THE VIRGINIA PORT AUTHORITY AND AUTHORIZING THE ISSUANCE OF UP TO \$6,000,000 OF THE AUTHORITY'S COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS, SERIES 2012C AND RELATED MATTERS.

IT IS RESOLVED by the Board of Commissioners of Virginia Port Authority (the "Authority"), as follows:

Section I. Findings and Determinations.

(a) On May 28, 2002, the Board adopted Resolution 02-4 (as amended and supplemented the "2002 Resolution"), which provides in Section 2.10 for the issuance of additional Series of Bonds (as defined therein) by the Authority for the purpose of providing funds for refunding all or, if then permitted by law, any Bonds then outstanding, including the payment of any redemption premium thereon and interest which will accrue on such Bonds to the redemption date or stated maturity date or dates and any expenses in connection with such refunding.

(b) The Authority has previously issued several Series of Bonds under the 2002 Resolution, including a Series issued in 2005 (the "Series 2005B Bonds"), which were originally issued on April 14, 2005, in an original aggregate principal amount of \$4,905,000, bearing interest at 5% per annum, and as of July 1, 2012, remain outstanding in principal amount of \$4,905,000.

(c) In Item 456.A.3 of Chapter 3 of the 2012 Acts of Assembly, the General Assembly of the Commonwealth has authorized the Authority to refund the Series 2005B Bonds.

(d) The Board now desires to issue a Series of Bonds (the "Series 2012C Bonds") under the 2002 Resolution and this Series Resolution to refund, defease and redeem at or after the first call date all of the Series 2005B Bonds, which Series 2012C Bonds shall be issued as a tax-exempt advance refunding.

(e) The Authority's financial advisor has advised that, given current market conditions, the tax-exempt refunding produces net present value debt service savings of not less than 3%. Accordingly, the Board wishes to authorize the Authority to pursue the tax-exempt issue, depending on market conditions and subject to certain Refunding Conditions, as defined herein.

(f) The Board also wishes to authorize the Authority to obtain Treasury Board approval of the Series 2012C Bonds and the foregoing plan of finance.

(g) There has been presented to the Board (i) a proposed Preliminary Official Statement describing the Series 2012C Bonds, the security therefor and the Authority and its operations (the "Preliminary Official Statement"), (ii) the form of a proposed Bond Purchase Agreement between the Underwriters and the Authority, by which the Underwriters would agree to purchase, and the Authority would agree to sell the Series 2012C Bonds (the "Bond Purchase Agreement"), (iii) the form of a proposed Escrow Agreement to be entered into with an Escrow Agent, pursuant to which the Authority would purchase certain Defeasance Obligations as required by the 2002 Resolution to provide for the refunding, defeasance and redemption of the refunded Bonds, and (iv) the form of a Continuing Disclosure Agreement (collectively, the "Refunding Documents").

(h) The Board has duly reviewed and considered the forms of the Refunding Documents and has determined that each is in acceptable form, subject to changes, insertions and omissions of each Refunding Document as contemplated by Sections 5 and 6 of this Resolution.

(i) Section 2.10 of the 2002 Resolution contemplates that in this Series Resolution the Board will fix or provide for the aggregate principal amount of the Series 2012C Bonds, the maturity dates, the interest rates, the redemption provisions and other details thereof, and provide for the application of the proceeds of the Series 2012C Bonds.

(j) It is necessary to delegate the power and authority to approve the sale of the Series 2012C Bonds and such details thereof as can only be determined under the actual prevailing market conditions when the Underwriters enter into the Bond Purchase Agreement for the Series 2012C Bonds as authorized by this Series Resolution. The Executive Director and the Deputy Executive Director and CFO, either of whom may act (each a "Delegate"), are hereby delegated the power and authority to act on the Board's behalf in all matters related to the sale and issuance of the Series 2012C Bonds, subject to the Refunding Conditions and any other limitation contained in this Series Resolution.

Section 2. Refunding Matters. (a) Pursuant to Section 2.10 of the 2002 Resolution, the Series 2012C Bonds, to be designated the "Virginia Port Authority Commonwealth Port Fund Revenue Refunding Bonds, Series 2012C," are hereby authorized to be issued for the purpose of providing funds, with other funds available therefor, to refund, defease and redeem at or after the first call date all or any portion of the Series 2005B Bonds (the "Refunded Bonds") and to pay costs of issuance of the Series 2012C Bonds, all as described in the foregoing plan of finance, subject, however, to the conditions (the "Refunding Conditions") as follows:

- (i) The aggregate principal amount of the Series 2012C Bonds shall not exceed \$6,000,000.
- (ii) The Series 2012C Bonds shall be Current Interest Bonds, dated a date that is on or before the date of their delivery, shall be Serial Bonds or a combination of Serial Bonds and Term Bonds, shall mature in such amounts on July 1 of such years not later than 2030, subject to the right

of prior redemption and sinking fund requirements, and shall bear interest payable on January 1 and July 1 in each year, at such rates per annum, the true interest cost of which in the aggregate shall not exceed four percent (4%), all as may be fixed by a certificate of the Executive Director.

- (iii) The net present value debt service savings to be achieved by the Authority upon issuance of the Series 2012C Bonds shall not be less than three percent (3%).

(b) The Series 2012C Bonds will be issued in fully registered form and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York (“DTC”) and immobilized in the custody of or on behalf of DTC. One fully registered Bond for the original principal amount of each maturity will be registered to Cede & Co. Beneficial owners will not receive physical delivery of the Bonds. Individual purchases of the Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. Payments of the principal of and premium, if any, and interest of the Bonds will be made to DTC or its nominee as registered owner of the Bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee of DTC, is the registered owner of the Bonds, references in the 2002 Resolution or this Series Resolution to the holders of the Bonds mean Cede & Co. and do not mean the beneficial owners of the Bonds.

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

- (1) DTC determines not to continue to act as securities depository for the Bonds.
- (2) The Authority has advised DTC of its determination that DTC is incapable of discharging its duties; or
- (3) The Authority has determined that it is in the best interests of the beneficial owners of the Bonds not to continue the book-entry system of transfer.

Upon occurrence of the events described in clause (1) or (2), the Authority will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the Authority fails to locate another qualified securities depository to replace DTC, the Authority will execute and the Trustee will authenticate and deliver to the Participants (as defined in the Preliminary Official Statement) the Replacement Bonds to which such Participants are entitled. In the event the Authority makes the determination described in clause (2) or (3) (the

Authority undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination) and, in the case of the determination under clause (2), the Authority has failed to locate another qualified securities depository and has made provisions to notify the beneficial owners of the Bonds by mailing an appropriate notice to DTC, the Authority will execute and the Trustee will authenticate and deliver to the Participants the appropriate Replacement Bonds to which such Participants are entitled. The Trustee is entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds.

The Series 2012C Bonds will be issued substantially in the form set forth in Section 2.02 of the 2002 Resolution, with appropriate variations, omissions and insertions as permitted or required by the 2002 Resolution and this Series Resolution. There may be endorsed on the Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirements of law.

(c) Pursuant to the 2002 Resolution, the Authority hereby makes or confirms the appointments of (i) U.S. Bank National Association as Trustee, Paying Agent and Bond Registrar for the Series 2012C Bonds and as Escrow Agent for the Refunded Bonds and (ii) Morgan Keegan & Company, Inc. as Representative for the Underwriters, such Underwriters to consist of a group of firms designated by the Authority.

(d) The Authority is authorized to obtain the services of a firm qualified under the 2002 Resolution to verify the mathematical computations associated with the refunding of the Refunded Bonds, including its provision of an independent confirmation of the sufficiency and yield of the Defeasance Obligations deposited in the Escrow Fund created under the Escrow Agreement.

Section 3. Optional Redemption. The Series 2012C Bonds shall be subject to optional redemption as market conditions shall dictate at the time of sale, upon the payment of such redemption premium as such market conditions shall dictate, as specifically approved by the Delegate.

Section 4. Terms of Purchase. Subject to the Refunding Conditions, the Delegate is hereby authorized, if the Authority's financial advisor shall so recommend, to accept an offer of the Underwriters, in the form of the Bond Purchase Agreement, to purchase all of the Series 2012C Bonds at a purchase price of not less than ninety-eight percent (98%) of their aggregate initial reoffering prices, plus any accrued interest, upon the terms and conditions set forth in the Bond Purchase Agreement.

Section 5. Approval of Official Statement. Subject to the approval of the Delegate, the distribution of the Preliminary Official Statement by the Underwriters in connection with the offering of the Series 2012C Bonds, prior to the availability of the Official Statement, is hereby authorized. The Chairman or the Vice Chairman of the

Board and the Delegate are hereby authorized and directed to execute and deliver a final Official Statement, in substantially the form of the Preliminary Official Statement approved this day by the Board including any amendments or supplements thereto to the Underwriters for their use in making a public offering of the Series 2012C Bonds upon the terms set forth therein and in the Bond Purchase Agreement, with such further changes, insertions and omissions as may be approved by the Chairman or Vice Chairman and the Delegate, and the execution by the Chairman or Vice Chairman and the Delegate of the Official Statement shall be conclusive evidence of any such approval.

Section 6. Approval of Other Refunding Documents. The Delegate is hereby authorized to execute and deliver the other Refunding Documents, such Documents to be in substantially the form presented to this meeting, with such changes, insertions and omissions as may be approved by the Delegate and his execution of such Documents shall be conclusive evidence of such approval.

Section 7. Execution of the Bonds. The Series 2012C Bonds shall be signed by or executed with the facsimile signature of the Executive Director and shall be signed by or executed with the facsimile signature of the Secretary of the Authority, and the seal of the Authority shall be impressed or a facsimile of the seal of the Authority shall be imprinted on the Series 2012C Bonds, and the Series 2012C Bonds shall be authenticated by the Bond Registrar under the 2002 Resolution, and shall be delivered to or for the account of the Underwriters upon receipt of the purchase price set forth in the Bond Purchase Agreement executed and delivered by the Delegate. The Bond Registrar is hereby authorized and directed to authenticate and deliver the Series 2012C Bonds as provided above.

Section 8. Application of Proceeds of the Series. The proceeds of the Series 2012C Bonds shall be transferred by the Trustee to the Escrow Agent for deposit, together with other available funds, in the Escrow Fund and applied by the Escrow Agent as required by the Escrow Agreement or used by the Authority to pay costs of issuance of the Series 2012C Bonds.

Section 9. Defeasance. The Delegate is authorized to execute and deliver the Escrow Agreement and to purchase Defeasance Obligations to be held thereunder on any date (which need not be the same date in each case) between the dated date of the Bond Purchase Agreement and the delivery date of the Series 2012C Bonds.

Section 10. Treasury Board Approval. The Authority requests the Treasury Board of the Commonwealth to approve the terms and structure of the Series 2012C Bonds in accordance with the provisions of Sections 2.2-2416.5 and 2.2-2416.7 of the Code of Virginia of 1950, as amended. The Authority is authorized and directed to make application for such approval of the Treasury Board and to furnish such materials and do such things as may be required to obtain such approval.

Section 11. Tax Covenant. The Authority covenants that it will comply with

the provisions of the Internal Revenue Code of 1986, as amended, so that interest on the Series 2012C Bonds and the Refunded Bonds will remain exempt from federal income taxes to which it is not otherwise subject on the date of the issuance of the Series 2012C Bonds.

Section 12. Further Action. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may, in their discretion, deem necessary of useful in connection with the issuance of the Series 2012 Bonds, subject to and upon the advice of counsel.

Section 13. Other Definitions. All terms not otherwise defined herein shall have the meanings ascribed thereto by the 2002 Resolution.

Section 14. Effective Date. This Series Resolution shall take effect immediately upon its adoption.

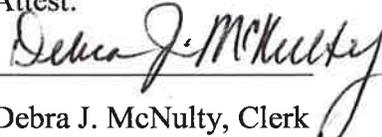
[END OF RESOLUTION]

PASSED AND ADOPTED this 24th day of July, 2012.



Michael J. Quillen, Chairman

Attest:



Debra J. McNulty, Clerk