



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Sean T. Connaughton  
Chairman

1401 East Broad Street  
Richmond, Virginia 23219

(804) 786-2701  
Fax: (804) 786-2940

### **AGENDA** **MEETING OF THE COMMONWEALTH TRANSPORTATION BOARD**

VDOT Central Auditorium  
1221 East Broad Street  
Richmond, Virginia 23219

April 18, 2012

10:00 a.m. or upon adjournment of the April 18, 2012 Workshop Meeting.

#### **Public Comments:**

#### **Approval of Minutes March 14, 2012**

#### **LOCAL ASSISTANCE DIVISION:**

***Presenting: Jennifer DeBruhl***  
***Division Administrator***

1. Action on Economic Development Access, Specifically:

Hampton Roads District  
City of Virginia Beach  
IMS Gear Virginia, Incorporated  
Project No.: ECON-134-771, N501

#### **RIGHT OF WAY DIVISION:**

***Presenting: Richard Bennett***  
***State Right of Way Director***

2. Action on Limited Access Control Change

(A) Hampton Roads District  
City of Portsmouth  
Interstate 264  
Project No.: 0264-124-105, RW-201

- (B) Northern Virginia District  
Prince William County  
Route 1 (Jefferson Davis Highway) and  
Rte 123 (Gordon Boulevard) Interchange  
Project No.: 0123-076-F29, PE-101, RW-201, C-501

**PROGRAMMING DIVISION:**

***Presenting: Diane Mitchell***  
***Division Administrator***

3. Action on Addition of Various Projects to the Six-Year Improvement Program for Fiscal Years 2012-2017.
4. Action on FY12-17 Six-Year Improvement Program Transfers for February 28, 2012, through March 30, 2012.

**TRANSPORTATION AND MOBILITY PLANNING:**

***Presenting: Ben Mannell***  
***Assistant Planning Director***

5. Action on Authorization to Enter into a Memorandum of Understanding Among Virginia Department of Transportation, Maryland State Highway Administration, and West Virginia Department of Transportation, to Perform a Traffic Operations/Engineering Feasibility Study, of the US 340 National Highway System Corridor Between West Washington Street in Harpers Ferry West Virginia and MD 67 (Rohersville Road) in Weverton, Maryland.

**FINANCIAL PLANNING DIVISION:**

***Presenting: John Lawson***  
***Chief Financial Officer***

6. Action on Capital Projects Revenue Bond Sale.

**SCHEDULING AND CONTRACT:**

***Presenting: Mark Cacamis, P.E.***  
***State Construction Engineer***

7. Action on Bids.

**NEW BUSINESS:**

**ADJOURNMENT:**

###



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Sean T. Connaughton  
Chairman

1401 East Broad Street  
Richmond, Virginia 23219

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Fax: (804) 225-2940

*Agenda item # 1*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2012  
MOTION

Made By:

Seconded By:

Action:

Title: Economic Development Access to  
IMS Gear Virginia, Incorporated  
Project ECON-134-771, N501, City of Virginia Beach

**WHEREAS**, Section 33.1-221 of the *Code of Virginia* provides a fund to "...be expended by the Board for constructing, reconstructing, maintaining or improving access roads within counties, cities, and towns to economic development sites on which manufacturing, processing, research and development facilities, distribution centers, regional service centers, corporate headquarters, or other establishments that also meet basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Business Assistance will be built under firm contract or are already constructed ..." or, "in the event there is no such establishment ..., a county, city, or town may guarantee to the Board by bond or other acceptable device that such will occur and, should no establishment or airport acceptable to the Board be constructed or under firm contract within the time limits of the bond, such bond shall be forfeited"; and

**WHEREAS**, the Virginia Beach City Council has, by appropriate resolution, requested Economic Development Access Program funds to serve IMS Gear Virginia, Incorporated and other eligible property along the proposed extension of Progress Lane, and said access is estimated to cost \$482,000; and

**WHEREAS**, IMS Gear Virginia, Incorporated has been determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Business Assistance to be a qualifying establishment meeting the basic employer criteria under the provisions of Section 33.1-221 of the *Code of Virginia*; and

**WHEREAS**, the proposed IMS Gear Virginia, Incorporated facility is expected to result in approximately \$35.5 million in eligible capital investment on an eligible site served by this project; and

**WHEREAS**, it appears that this request falls within the intent of Section 33.1-221 of the *Code of Virginia* and complies with the provisions of the Commonwealth Transportation Board's (CTB) policy on Economic Development Access.

**NOW, THEREFORE, BE IT RESOLVED**, that \$482,000 of the Economic Development, Airport and Rail Access Fund be allocated to provide adequate access to IMS Gear Virginia, Incorporated, and other eligible property located along the proposed extension of Progress Lane in the City of Virginia Beach, Project ECON-134-771, N501 contingent upon:

1. All right of way, environmental assessments and remediation, and utility adjustments being provided at no cost to the Commonwealth; and
2. Execution of an appropriate contractual agreement between the City of Virginia Beach (LOCALITY) and the Virginia Department of Transportation (VDOT), to provide for the:
  - a. design, administration, construction and maintenance of this project; and
  - b. payment of all ineligible costs, and of any eligible costs in excess of this allocation, from sources other than those administered by VDOT; and
  - c. Provision by the LOCALITY of either i) documentation of at least \$2,410,000 of eligible capital outlay by IMS Gear Virginia, Incorporated on the site served by this project, or, should documentation of capital outlay by IMS Gear Virginia, Incorporated be insufficient, ii) an appropriate bond, or other acceptable surety device, by the LOCALITY to VDOT, not to expire before July 18, 2017, without written permission of VDOT. Such surety device shall provide for reimbursement to VDOT of any expenses incurred by the Economic Development, Airport and Rail Access Fund for this project's construction not justified by the eligible capital outlay of establishments served by the project. If, by April 18, 2017, at least \$2,410,000 of eligible capital outlay on parcels served exclusively by this project has not been expended or committed by firm contract by a qualified establishment or establishments, then an amount equal to 20% of the eligible capital outlay of up to \$2,410,000 will be credited toward the allocation utilized in the project's construction and the balance of the utilized allocation not justified by eligible capital outlay will be returned to VDOT and the Economic Development, Airport and Rail Access Fund. This surety may be released or reduced accordingly at an earlier date upon provision of documentation of eligible capital outlay by a qualified establishment, or establishments; and
3. Determination by VDOT of eligible capital outlay in accordance with current policy and procedures for administering the Economic Development Access Program.

#####

## CTB Decision Brief

### Economic Development Access – City of Virginia Beach IMS Gear Virginia, Incorporated

**Issue:** Pursuant to Section 33.1-221 of the *Code of Virginia* and the Economic Development Access Policy of the Commonwealth Transportation Board (CTB), the Virginia Beach City Council has requested funds from the Economic Development Access Program to assist in providing road access to IMS Gear Virginia, Incorporated and other eligible property within the London Bridge Industrial Park.

**Facts:** Section 33.1-221 of the *Code of Virginia* provides for the CTB to expend funds set aside for constructing access roads to economic development sites on which certain establishments as prescribed or other establishments that meet the basic employer criteria as determined by the Virginia Economic Development Partnership in consultation with the Virginia Department of Business Assistance will be built under firm contract or are already constructed. In the event there is no such establishment already constructed or for which construction of such establishment is not under firm contract, a locality may guarantee to the CTB by bond or other acceptable device that such will occur.

IMS Gear Virginia, Incorporated, which manufactures metal and plastic gear assemblies used in automatic automotive seats, is investing approximately \$35.5 million on an approximate seven-acre site for a 112,000 square foot expansion of the company's existing manufacturing operations in the London Bridge Industrial Park. The facility, to be constructed on the extension of Progress Lane, is expected to create 80 additional jobs, in addition to the company's existing 87 jobs. Currently, the site and adjacent property does not have adequate public access. The facility is expected to generate approximately 430 trips per day of which 10 are truck trips. The extension of Progress Lane also supports the development of Phases V and VI in the London Bridge Industrial Park, encompassing several other eligible parcels, totaling approximately 54 acres, adjacent to the IMS Gear Virginia, Incorporated facility. The Economic Development Partnership in consultation with the Department of Business Assistance has determined that IMS Gear Virginia, Incorporated is a qualifying establishment warranting the use of Economic Development Access Program funds. The City of Virginia Beach will administer design and construction of the proposed access road project.

**Recommendations:** The access project recommended by staff is a road approximately 800 feet in length consisting of 32 feet of pavement in a curb and gutter section with five-foot concrete sidewalk on one side, in a right of way width of 60 feet. Hampton Roads District staff concurs in the project and estimated cost of \$482,000. The Local Assistance Division recommends that an allocation of \$482,000 from the Economic Development, Airport and Rail Access Fund be approved for construction of this project subject to certain contingencies.

**Action Required by the CTB:** The *Code of Virginia* and the CTB's Economic Development Access Fund Policy specifies that the CTB shall approve of the allocation of funds for the construction of the access road project. A resolution is provided for formal vote.

**Result, if Approved:** VDOT and the City of Virginia Beach will proceed with the Economic Development Access road project.

**Options:** Approve, Deny, or Defer.

**Public Comments/Reactions:** None

1 A RESOLUTION REQUESTING THE  
2 COMMONWEALTH TRANSPORTATION BOARD  
3 PROVIDE ECONOMIC DEVELOPMENT  
4 ACCESS PROGRAM FUNDING FOR THE  
5 EXTENSION OF PROGRESS LANE AND TO  
6 AUTHORIZE THE CITY MANAGER TO ENTER  
7 INTO ANY NECESSARY AGREEMENTS  
8 RELATED THERETO  
9

10 WHEREAS, the City of Virginia Beach (the "City") desires to continue to develop  
11 property for the purpose of economic development within Phases V and VI of the  
12 London Bridge Industrial Park located off of Progress Lane in the City; and  
13

14 WHEREAS, IMS Gear Holding, Inc. has entered into a long term lease  
15 agreement with Oceana Development, LLC to develop the property and construct the  
16 necessary facilities in the City for the purpose of manufacturing gear assemblies used in  
17 automatic automotive seats; and  
18

19 WHEREAS, this new facility is expected to involve new private capital investment  
20 in land, building, and equipment of approximately \$35 million and IMS Gear Virginia,  
21 Inc. is expected to employ sixty to eighty (60-80) persons at this facility; and  
22

23 WHEREAS, operations are expected to begin at this new facility on or about  
24 August 31, 2012; and  
25

26 WHEREAS, the subject property has no access to a public street or highway and  
27 will require Progress Lane to be extended; and  
28

29 WHEREAS, the City of Virginia Beach hereby provides that the necessary  
30 environmental analysis, mitigation, fee simple right of way and utility relocations or  
31 adjustments, if necessary, for this project, will be provided at no cost to the Economic  
32 Development, Airport and Rail Access Fund; and  
33

34 WHEREAS, the City of Virginia Beach acknowledges that no land disturbance  
35 activities may occur within the limits of the proposed access project prior to appropriate  
36 notification from the Department of Transportation; and  
37

38 WHEREAS, the City of Virginia Beach hereby guarantees that all ineligible  
39 project costs and all costs not justified by eligible capital outlay will be provided from  
40 sources other than those administered by the Virginia Department of Transportation.  
41

42 NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF  
43 VIRGINIA BEACH, VIRGINIA:  
44

45 1. That the City of Virginia Beach hereby requests that the Commonwealth  
46 Transportation Board provide Economic Development Access Program funding to  
47 provide an adequate road to this property; and  
48

49 2. That the City of Virginia Beach City Council hereby agrees that the new  
50 segment of Progress Lane roadway so constructed will be added to and become a part  
51 of the City of Virginia Beach's road system; and  
52

53 3. That the City Manager is hereby authorized to execute on behalf of the  
54 City of Virginia Beach any necessary project agreements related to paragraphs 1 and 2,  
55 *supra*.

Adopted by the Council of the City of Virginia Beach, Virginia, on the 24th day  
of January, 2012.

APPROVED AS TO CONTENT:

APPROVED AS TO LEGAL  
SUFFICIENCY:

  
\_\_\_\_\_  
Economic Development

  
\_\_\_\_\_  
City Attorney's Office

CA12103  
R-2  
January 13, 2012



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Sean T. Connaughton  
Chairman

1401 East Broad Street  
Richmond, Virginia 23219

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*Agenda item # 2-A*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2012

#### MOTION

Made By:

Seconded By:

Action:

**Title: Limited Access Control Changes (LACC), Interstate 264 , City of Portsmouth**

**WHEREAS**, Interstate 264, State Highway Project 0264-124-105, RW-201 (Elizabeth River Tunnel Project), between Des Moines Avenue and the Elizabeth River, in the City of Portsmouth, was designated a Limited Access Highway by the State Highway Commission of Virginia, predecessor to the Commonwealth Transportation Board (CTB), on October 4, 1956; and,

**WHEREAS**, portions of the Crawford Street Connector and Ramps shown on the plans of State Highway Project U000-124-101, RW-201, between Interstate 264 and Columbia Street, in the City of Portsmouth, were designated a Limited Access Highway, as a design feature of the project, by the State Highway Commission, predecessor to the CTB, on July 24, 1969; and,

**WHEREAS**, in connection with the said State Highway Projects 0264-124-105, RW-201 and U000-124-101, RW-201, the Commonwealth acquired certain lands and easements from various landowners; and,

**WHEREAS**, subsequent to the aforesaid State Highway Projects, the City of Portsmouth (City) designed and built the Crawford Street Traffic Circle Project, which relocated and/or obscured portions of Connector N and Ramps NN, S and NS between Court Street and Crawford Street, as shown on the aforesaid State Highway Project plans; and,

**WHEREAS**, to coincide with the said City project as built, the CTB approved a south shift of the limited access control along the southwest quadrant of the Relocated Crawford and

Resolution of the Board  
Limited Access Control Changes (LACC)  
Interstate 264  
City of Portsmouth  
April 18, 2012  
Page Two of Three

Bart Streets intersection as shown on the revised plans for State Highway Project 0264-124-105, RW-201, beginning along Relocated Bart Street at a point 78 feet right opposite Station 23+91.66 (Connector N), for a distance of 134.13 feet, thence along the limits of the southwest quadrant of the said traffic circle with a 100 foot right radius curve for a distance of 68.42 feet, and thence with a 100 foot left radius curve for a distance of 81.77 feet to a point 247.29 feet right of Station 25+48.43 (Connector N) tying into the west existing limited access line for former Ramp NS on October 20, 2010; and,

**WHEREAS**, the City, by letter dated December 14, 2011, has identified, requested and supports an approximately 75 foot break in the said revised limited access control along the south side of Relocated Bart Street from a point 98.50 feet (right) opposite Station 23+57.59 (Relocated Bart Street centerline) to a point 94.37 feet (right) opposite Station 24+31.12 (Relocated Bart Street centerline) with conversion of the existing Relocated Bart Street eastbound transition lane to a right turn only lane, with no median break, signalization, or additional lanes, to permit the City to construct Harbor Centre Way, being an access road to the City's new Municipal Courts Complex scheduled for opening in September 2012; and,

**WHEREAS**, VDOT has determined the location of the proposed LACC is within an air quality maintenance or non-attainment area, however since Harbor Centre Way is a not the primary access for the Municipal Courts Complex, the City's project does not qualify as being regionally significant, and there will be no adverse environmental impacts; and,

**WHEREAS**, VDOT's Hampton Roads District has reviewed the request and waived the requirement for a global traffic analysis, and environmental analysis, and air quality conformity review, separate from those made for the said Project, as set forth in Title 24, Section 30, Chapter 401 of the Virginia Administrative Code, as the said City project does not significantly impact the operation of any roadways or streets; and has determined that the said break in the limited access control is appropriate for the construction of the said Harbor Centre Way right of way from a design, maintenance, safety, traffic control, environmental and operational standpoint; and,

**WHEREAS**, VDOT has determined that all right of way, engineering, construction, and safety improvements shall meet all VDOT standards and requirements; and,

**WHEREAS**, the Federal Highway Administration (FHWA) has determined that the said break in the limited access control is appropriate for the construction of the said Harbor Centre Way right of way from a design, maintenance, safety, traffic control, environmental and operational standpoint; and,

Resolution of the Board  
Limited Access Control Changes (LACC)  
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**WHEREAS**, all costs for just compensation or damages, engineering and construction, work, demolition, or removal, including all necessary safety improvements, for the aforesaid City Project and changes will be borne by the City, and VDOT is expressly relieved and exempt of any cost of any kind, claim or nature; and,

**WHEREAS**, the City shall pay just compensation to the VDOT in consideration of the proposed limited access control changes, said compensation may include the donation of land, or be in a form or amount to be determined by VDOT, and acceptable to the State Director, Right of Way and Utilities; and,

**WHEREAS**, public notices were posted on December 25, 26, and 27, 2011, in the *Virginia Pilot Newspaper*; and in the *Beacon Community Tabloid* on December 29, 2011, and January 1, 2012; and the *Clipper* and the *Current Community Tabloisd* on January 1, 2012, and all closed on January 4, 2012, with no comment received; and,

**WHEREAS**, VDOT has determined that the proposed LACC are in compliance with Title 24, Section 30, Chapter 401 of the Virginia Administrative Code; and,

**WHEREAS**, upon completion of the City project, and LACC, all right of way, work, roadway construction, improvements and equipment within the City project and limited access control will remain the property of the City or as currently titled; and,

**NOW, THEREFORE, BE IT RESOLVED**, in accordance and compliance with the provisions and notice requirements of Section 33.1-58 of the *Code of Virginia* (1950), as amended, the CTB hereby finds and concurs with the determinations made by VDOT and the FHWA, and approves the said LACC for public street purposes as set forth and subject to the above conditions. The Commissioner of Highways is hereby authorized to execute, in the name of the Commonwealth, any and all documents needed to comply with this resolution subject to such restrictions as may be deemed appropriate.

####

**CTB Decision Brief**  
**Limited Access Control Changes (LACC)**  
**Interstate 264**  
**Project 0264-124-105, RW-201**  
**City of Portsmouth**

**Issue:** The City of Portsmouth (City) designed and built the Crawford Street Traffic Circle Project, which relocated and/or obscured portions of Connector N and Ramps NN, S and NS between Court Street and Crawford Street, as shown on State Highway Projects U000-124-101, RW-201, and 0264-124-105, RW-201 plans. To coincide with the said City project as built, the CTB approved a south shift of the limited access control along the southwest quadrant of the Relocated Crawford and Bart Streets intersection, as shown on the revised plans for State Highway Project 0264-124-105, RW-201, on October 20, 2010. The City, by letter dated December 14, 2011, has identified, requested and supports an approximately 75 foot break in the said revised limited access control along the south side of Relocated Bart Street from a point 98.50 feet (right) opposite Station 23+57.59 (Relocated Bart Street centerline) to a point 94.37 feet (right) opposite Station 24+31.12 (Relocated Bart Street centerline) with conversion of the existing Relocated Bart Street eastbound transition lane to a right turn only lane, with no median break, signalization, or additional lanes, to permit the City to construct Harbor Centre Way, being an access road to the City's new Municipal Courts Complex scheduled for opening in September 2012.

**Facts:**

- VDOT and the Federal Highway Administration (FHWA) have determined that the said break in the said limited access control is appropriate from a design, maintenance, safety, traffic control and operational standpoint.
- VDOT has determined that all right of way, engineering, construction, and necessary safety improvements shall meet all VDOT standards and requirements.
- VDOT and the FHWA have determined there will be no adverse environmental impacts.
- All costs of just compensation or damages, engineering and construction, work, demolition, or removal, including all necessary safety improvements, for the aforesaid City project, including the proposed break will be borne by the City, and VDOT is expressly relieved and exempt of any cost of any kind, claim or nature.
- The City shall pay just compensation to VDOT in consideration of the proposed LACC; said compensation may include the donation of land to the Commonwealth, or be in a form or amount to be determined by the Department, and acceptable to the State Director, Right of Way and Utilities.
- Public notices were posted on December 25, 26, and 27, 2011, in the *Virginia Pilot Newspaper*; and in the *Beacon* Community Tabloid on December 29, 2011, and January 1, 2012; and the *Clipper* and the *Current* Community Tabloid on January 1, 2012, and all closed on January 4, 2012, with no comment received.
- VDOT has determined that the proposed LACC are in compliance with Title 24, Section 30, Chapter 401 of the Virginia Administrative Code.
- Upon completion of the City project, all work, right of way, roadway construction, improvements and equipment for the said City Project, and break in limited access control will remain the property of the City or as currently titled.

CTB Decision Brief  
Limited Access Control Changes (LACC)  
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Project 0264-124-105, RW-201  
City of Portsmouth  
Page Two

**Recommendations:** VDOT recommends the Commonwealth Transportation Board (CTB) find and concur with the determinations made by VDOT and the FHWA, and approve the proposed break and said LACC for public street purposes as set forth in the resolution, and in accordance with Section 33.1-58 of the *Code of Virginia (1950)*, as amended, subject to the referred restrictions, conditions and facts.

**Action Required by CTB:** The *Code of Virginia* requires a majority vote of the CTB approving the recommended LACC. The CTB will be presented with a resolution for a formal vote.

**Result, if Approved:** The Commissioner of Highways will be authorized to execute any and all documents needed to comply with the resolution.

**Options:** Approve, Deny, or Defer.

**Public Comments/Reactions:** None.



# COMMONWEALTH of VIRGINIA

DEPARTMENT OF TRANSPORTATION  
1401 EAST BROAD STREET  
RICHMOND, VIRGINIA 23219 2000

Gregory A. Whirley  
Commissioner

April 1, 2012

The Honorable Sean T. Connaughton  
The Honorable Gregory A. Whirley  
The Honorable Thelma D. Drake  
The Honorable Jim D. Bowie  
The Honorable James E. Rich  
The Honorable Cord A. Sterling  
The Honorable Aubrey Layne, Jr.  
The Honorable Mark J. Peake  
The Honorable J. Douglas Koelemay  
The Honorable Roger Cole  
The Honorable Dana M. Martin  
The Honorable James A. Davis  
The Honorable Hollis D. Ellis  
The Honorable F. Gary Garczynski  
The Honorable James L. Keen  
The Honorable Allen L. Louderback  
The Honorable W. Sheppard Miller, III

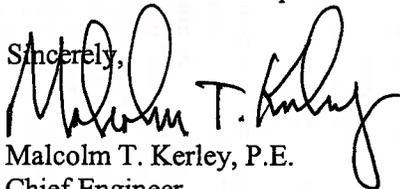
## **Subject: Approval of Limited Access Control Changes (LACC) for Interstate 264**

Dear Commonwealth Transportation Board Members:

The Hampton Roads District has received a request for your consideration from the City of Portsmouth for a break in the limited access control along Relocated Bart Street to permit the City to construct Harbor Centre Way, being an access road to the City's new Municipal Courts Complex scheduled for opening in September 2012.

The Department's staff has determined that the proposed break in limited access control for public street purposes is viable from a design, safety and traffic control standpoint, and is being recommended by the Department. I have reviewed the staff's recommendations and determined that approving this break in the limited access control will not adversely affect the safety or operation of the affected highway network. I have determined that this request should be considered by the Board.

Sincerely,

  
Malcolm T. Kerley, P.E.  
Chief Engineer

**Minutes of the Meeting of the State Highway  
Commission of Virginia, held in  
Richmond  
October 4, 1958**

The Commission met in the Central Office Building, Richmond, Virginia, at 9:00 A.M., Thursday, October 4, 1958. The following members were present: Messrs. E. P. Barrow, S. S. Flythe, S. D. May, Burgess E. Nelson, Wm. A. Wright and J. A. Anderson.

The meeting was called to order by the Chairman.

The Chairman read a letter from Mr. Howard G. Rogers stating that he would not be able to attend because of illness.

On motion made and seconded, the minutes of the August 9-10 meeting were approved.

Moved by Mr. May, seconded by Mr. Barrow, that the permits issued from the August 9-10 meeting to date, inclusive, as recorded in the Auditing Division, be approved. Motion carried.

Moved by Mr. May, seconded by Mr. Barrow, that the permits cancelled by the Commissioner from the August 9-10 meeting to date, inclusive, as authorized June 25, 1947, and recorded in the Auditing Division, be approved. Motion carried.

Moved by Senator Nelson, seconded by Senator Wright, that the Commission confirm award of contract on bids received August 15 for the construction of Project 1887-15-16, Route 615, Bridges and Approaches Three Creek, Southampton County, to the low bidder, Norfolk Contracting Co., Norfolk, Va., at the bid of \$102,949.41, that 10% additional be set aside to cover the cost of engineering and additional work and \$1,054.54 for work by the A. & D. Railroad, making a total of approximately \$14,500.00 chargeable to this project; to be financed 50/50 State and Federal. Motion carried.

Moved by Senator Wright, seconded by Mr. Barrow, that the Commission confirm award of contract on bids received August 15 for the construction of Project 1807-24, Route 600, S. End of Bridge over Claytons Mill Creek-0.864 Mile N. Rockbridge County Line, Augusta County, to the low bidder, Echols Brothers, Inc., Staunton, Va., at the bid of \$67,455.16 and that 10% additional be set aside to cover the cost of engineering and additional work, making a total of approximately \$74,180.00 chargeable to this project; to be financed 50/50 State and Federal. Motion carried.

Moved by Mr. Barrow, seconded by Mr. Flythe, that the Commission confirm award of contract on bids received August 15 for the construction of Project 1881-10, Routes 681, 640, 0.71 Mile E. of W. Int. Route 661, (E. of Pisano)-Franklin County Line, Floyd County, to the low bidder, D. E. Worley Construction Co., Rocky Mount, Va., at the bid of \$127,855.70, that 10% additional be set aside to cover the cost of engineering and additional work and \$1,226.50 for work by State Forces (not included in contract), making a total of approximately \$141,880.00 chargeable to this project; to be financed with \$71,580.00 State and \$70,300.00 Federal Funds. Motion carried.

Moved by Mr. Flythe, seconded by Senator Nelson, that, Whereas, under authority of Section 33-115.2 of the 1950 Code of Virginia, as amended, request is made by City of Warwick for payment at the base rate of \$500 per Mile annually on additional streets meeting the required standards; Now, Therefore, be it resolved, that quarterly payments at the base rate of \$500 Per Mile annually be made to the City of Warwick on additional streets totaling 11.20 miles, effective beginning the second quarter, October 1, 1956. Motion carried.

Moved by Mr. Flythe, seconded by Senator Nelson, that, Whereas, under authority of Section 33-115.2 of the 1950 Code of Virginia, as amended, request is made by City of Waynesboro for payment at the base rate of \$500 per Mile annually on additional streets meeting the required standards; Now, Therefore, be it resolved, that quarterly payments at the base rate of \$500 Per Mile annually be made to the City of Waynesboro on additional streets totaling 10.512 miles, effective beginning the second quarter, October 1, 1956. Motion carried.

Moved by Mr. Flythe, seconded by Senator Nelson, that, Whereas, under authority of Section 33-115.2 of the 1950 Code of Virginia, as amended, request is made by the Town of Wytheville for payment at the base rate of \$500 Per Mile annually on additional streets meeting the required standards; Now, Therefore, be it resolved, that quarterly payments at the base rate of \$500 Per Mile annually be made to the Town of Wytheville on additional streets totaling 0.984 Mile, effective beginning the second quarter, October 1, 1956. Motion carried.

Moved by Mr. Flythe, seconded by Senator Nelson, that, it so be declared that, Whereas, by action of the Congress of the United States, whereby all routes on the National System of Interstate and Defense Highways are to be constructed to interstate standards and whereas, one of the requirements of interstate standards is the control of access to these routes; Therefore, be it resolved that all routes on the National System of Interstate and Defense Highways within the confines of the Commonwealth of Virginia, upon determining the final location of said routes, including all necessary grade separations, interchanges, ramps, etc., are here and now designated Limited Access Highways, pursuant to Article 8, Chapter 1, Title 33, of the Code of Virginia of 1950, as amended. Motion carried.

On motion made by Senator Nelson, seconded by Mr. Barrow, the Chairman was instructed to report to the Bureau of Public Roads, at a meeting called for October 9, that the Virginia Department of Highways will undertake one-third of the cost of operation and maintenance of the proposed bridge over the Potomac River at Jones Point, with the thought that the other two-thirds shall be borne by the State of Maryland and the District of Columbia. This could be handled by written agreement looking to appropriate Federal legislation.

**MINUTES  
OF  
MEETING OF STATE HIGHWAY COMMISSION  
RICHMOND, VIRGINIA  
July 24, 1969**

The monthly meeting of the State Highway Commission was held at the Central Highway Office in Richmond on July 24, 1969 at 10 A. M. Mr. Douglas B. Fugate, Chairman, presided.

Present: Messrs. Fugate, Baughan, Chilton, Duckworth, Fitzpatrick, Glass, Halrston, and Weaver.

Absent: Mr. Landrith.

On motion of Judge Weaver, seconded by Mr. Fitzpatrick, minutes of the meeting of June 20, 1969 were approved.

Motion was made by Judge Weaver, seconded by Mr. Fitzpatrick, that permits issued from June 20, 1969 to July 23, 1969, inclusive, as shown by records of the Department, be approved. Motion carried.

On motion of Judge Weaver, seconded by Mr. Fitzpatrick, cancellation of permits from June 20, 1969 to July 23, 1969, inclusive, as shown by records of the Department, was approved.

Moved by Mr. Duckworth, seconded by Judge Weaver  
that,

WHEREAS, in accordance with the State Highway Commission Policy adopted on October 13, 1966, a location and design public hearing was held in the Council Chambers of the City Hall in Portsmouth, Virginia, on April 10, 1969, concerning the construction of Project U000-124-101, PE101, RW201, C501, the Crawford Street Connector in the City of Portsmouth; and

WHEREAS, the economic effects of the location and proposed improvements have been examined and given proper consideration and this evidence, along with all other, has been carefully reviewed; now, therefore

BE IT RESOLVED, that the construction of the roadway along the location shown on Project U000-124-101, PE101, RW201, C501, the Crawford Street Connector in the City of Portsmouth be approved.

MOTION CARRIED.

Moved by Judge Weaver, seconded by Mr. Duckworth  
that,

WHEREAS, Section 33-136.1 of the Code of Virginia provides a fund for fiscal 1969-70 of \$1,500,000 to "... be expended by the Commission for constructing, reconstructing, maintaining or improving access roads within counties, cities and towns to industrial sites on which manufacturing, processing or other establishments will be built under firm contract or are already constructed."; and

WHEREAS, the Board of Supervisors of Henrico County has by resolution requested the use of industrial access funds to construct a portion of Westport Road north of Glenside Drive and west of Route I-64 to provide proper access to the new facility being constructed by Robertshaw Controls Company in Henrico County, estimated to cost \$15,000; and

WHEREAS, it appears that this request falls within the intent of Section 33-136.1 and has complied with the provisions of the Highway Commission's policy on the use of industrial access funds.

NOW, THEREFORE, BE IT RESOLVED that \$15,000 from the industrial access fund for 1969-70 be allocated for the purpose of constructing a portion of Westport Road north of Glenside Drive and west of Route I-64 in Henrico County, Project 1444-043-116, C501, contingent upon the necessary right of way and adjustment of utilities being provided at no cost to the Commonwealth, and the industry's entering into a firm contract for the construction of this facility.

MOTION CARRIED.



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Sean T. Connaughton  
Chairman

1401 East Broad Street  
Richmond, Virginia 23219

(804) 786-2701  
Fax: (804) 786-2940

*Agenda item # 11*

### **RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD**

**October 20, 2010**

#### **MOTION**

**Made By: Mr. Layne      Seconded By: Mr. Miller**  
**Action: Motion Carried, Unanimously**

**Title: Surplus Land Conveyance and Right of Way and Limited Access Control Changes  
Interstate 264 , City of Portsmouth**

**WHEREAS**, Interstate 264, State Highway Project 0264-124-105, RW-201 (Elizabeth River Tunnel Project), between Des Moines Avenue and the Elizabeth River, in the City of Portsmouth, was designated a Limited Access Highway by the State Highway Commission of Virginia, predecessor to the Commonwealth Transportation Board (CTB), on October 4, 1956; and,

**WHEREAS**, portions of the Crawford Street Connector and Ramps shown on the plans of State Highway Project U000-124-101, RW-201, between Interstate 264 and Columbia Street, in the City of Portsmouth, were designated a Limited Access Highway, as a design feature of the project, by the State Highway Commission, predecessor to the Commonwealth Transportation Board (CTB), on July 24, 1969; and,

**WHEREAS**, in connection with the said State Highway Project U000-124-101, RW-201, the Commonwealth acquired certain land from the City of Portsmouth, Virginia, a Municipality, by Deed dated January 11, 1972, recorded in Deed Book 608, Page 326; and from the Portsmouth Housing and Redevelopment Authority, by Deed dated January 10, 1973, recorded in Deed Book 611, Page 390, both recorded in the Clerk's Office of the Court of Hastings for the City of Portsmouth; and,

**WHEREAS**, in connection with Interstate 264, State Highway Project 0264-124-105, RW-201, the Commonwealth acquired certain land from the Elizabeth River Tunnel District and

Resolution of the Board  
Surplus Land Conveyance and Right of Way and Limited Access Control Changes  
Interstate 264  
City of Portsmouth  
October 20, 2010  
Page Two

the Elizabeth River Tunnel Commission, by Acts of the Assembly of Virginia, Chapter 203, Section 774, dated March 12, 1973, effective June 1, 1973; and,

**WHEREAS**, subsequent to the aforesaid State Highway Projects, the City of Portsmouth (City) designed and built the Crawford Street Traffic Circle Project, which relocated and/or obscured portions of Connector N and Ramps NN, S and NS between Court Street and Crawford Street, as shown on the aforesaid State Highway Project plans; and,

**WHEREAS**, the City has identified and requested a shift of the right of way and limited access control along the west quadrants of the Relocated Crawford and Bart Streets intersection with the said traffic circle to coincide with the said City project as built, and shown on the revised plans for State Highway Project 0264-124-105, RW-201, being a southeast shift of the north existing right of way and limited access lines of former Connector N, along the northwest quadrant of said intersection, beginning along Relocated Bart Street at a point 39 feet left opposite Station 22+62.74 (Connector N), to a point 30.36 feet right opposite Station 25+12.18 (Connector N), thence along the limits of the said traffic circle with a 100 foot left radius curve for a distance of 157.32 feet along Crawford Street to a point 26.11 feet right opposite Station 26+43.28 (Connector N), thence to a point tying into the south existing right of way line of Columbia Street at the intersection with Crawford Street 49.37 feet left of Station 28+45.45 (Connector N); and, being a south shift of the existing limited access control for former Connector S and Ramp NS and beginning along Relocated Bart Street at a point 78 feet right opposite Station 23+ 91.66 (Connector N), for a distance of 134.13 feet, thence along the limits of the southwest quadrant of the said traffic circle with a 100 foot right radius curve for a distance of 68.42 feet, and thence with a 100 foot left radius curve for a distance of 81.77 feet to a point 247.29 feet right of Station 25+48.43 (Connector N) tying into the west existing limited access line for former Ramp NS; and,

**WHEREAS**, the City, by letter dated July 23, 2010, supports the request for the right of way and limited access changes; and,

**WHEREAS**, VDOT has determined that the said shifts of said right of way and limited access control are appropriate for the said City Project right of way from a design, maintenance, safety, traffic control and operational standpoint; and,

**WHEREAS**, VDOT has determined that all right of way, engineering, construction, and safety improvements meet all VDOT standards and requirements; and,

Resolution of the Board  
Surplus Land Conveyance and Right of Way and Limited Access Control Changes  
Interstate 264  
City of Portsmouth  
October 20, 2010  
Page Three

**WHEREAS**, VDOT has determined there will be no adverse environmental impacts;  
and,

**WHEREAS**, all costs for just compensation or damages, engineering and construction, work, demolition, or removal, including all necessary safety improvements, for the aforesaid changes will be borne by the City, and VDOT is expressly relieved and exempt of any cost of any kind, claim or nature; and,

**WHEREAS**, the City shall pay just compensation to the Department in consideration of the proposed limited access control changes, this amount to be determined by the Department;  
and,

**WHEREAS**, public notice was posted on August 8, 2010, in the Virginia Pilot Newspaper, and closed August 20, 2010, with no comment received; and,

**WHEREAS**, VDOT has determined that the proposed limited access control change is in compliance with Title 24, Section 30, Chapter 401 of the Virginia Administrative Code; and,

**WHEREAS**, the City project has been completed, and all work, roadway construction, improvements and equipment within the aforesaid shift of the right of way and limited access control will remain the property of the City or as currently titled; and,

**WHEREAS**, abandonment of the aforesaid sections of interstate ramps is not required;  
and,

**WHEREAS**, the Commonwealth Transportation Commissioner has certified in writing that the land containing 0.479 acre, more or less, as shown on the revised plans for State Highway Project 0264-124-105, RW-201, and lying northwest of and adjacent to the northwest revised right of way and limited access lines (10/20/10) of Crawford Street from a point 39 feet left opposite Station 22+62.74 (Connector N) to a point approximately 49.37 feet left of Station 28+45.45 (Connector N) was acquired incidental to the construction, reconstruction, alteration, maintenance and repair of the Crawford Street Connector and Ramps, and does not constitute a section of the public road and is deemed by him no longer necessary for the uses of the Interstate Highway System; and,

**WHEREAS**, the City, being the adjacent landowner, has requested conveyance of the resulting surplus lands within the northwest quadrant of the traffic circle for future development,

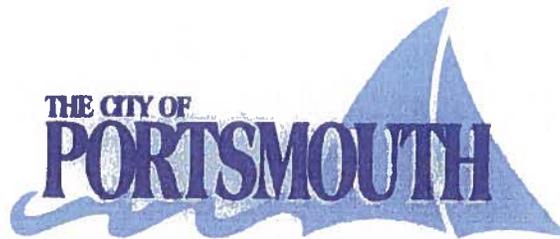
Resolution of the Board  
Surplus Land Conveyance and Right of Way and Limited Access Control Changes  
Interstate 264  
City of Portsmouth  
October 20, 2010  
Page Four

and this conveyance is to be made in accordance and compliance with the provisions and notice requirements of Sections 33.1-149 and 33.1-223.2:2 of the *Code of Virginia* (1950), as amended; and,

**WHEREAS**, Section 33.1-49 of the *Code of Virginia* (1950) grants the Commonwealth Transportation Board the authority and power relative to the Interstate System as is vested in it relative to highways in the primary system; and,

**NOW, THEREFORE, BE IT RESOLVED**, in accordance and compliance with the provisions and notice requirements of Sections 33.1-49, 33.1-58, 33.1-149, and 33.1-223.2:2 of the *Code of Virginia* (1950), as amended, the CTB hereby approves said shift of right of way and limited access control changes for public street purposes as set forth and subject to the above conditions, and the conveyance of the said land, is so certified and approved. The Commonwealth Transportation Commissioner is hereby authorized to execute, in the name of the Commonwealth, a deed conveying the land for consideration satisfactory to the State Director, Right of Way and Utilities Division, subject to such restrictions as may be deemed appropriate, and any and all other documents needed to comply with this resolution..

####



December 14, 2011

Ms. Holly Cook, P.E.  
Area Land Use Engineer  
Virginia Department of Transportation  
Hampton Roads District  
1700 North Main Street  
Suffolk, Virginia 23434

**RE: Formal Request for Limited Access Change to support construction of a new Courts Facility Access Road**

Dear Ms. Cook:

The purpose of this correspondence is to formally request the Virginia Department of Transportation (VDOT) allow changes in its limited access control line to permit the construction of a proposed New Courts Facility Access Road (Harbor Center Way at Bart Street), as detailed and outlined in the enclosed Limited Access Change Request Application package.

Several years ago, the Commonwealth of Virginia directed the City of Portsmouth to construct a new Municipal Courts Complex, to replace the existing Civic Center which has reached the end of its useful life. The new \$78 million Courts Complex is currently under construction and is expected to be open for business no later than September 2012.

The new location of the Courts Complex will still be within Downtown and Portsmouth's Central Business District, however, it is located on the south side of I-264 with primary access coming from the existing Port Centre Parkway. As part of the Commonwealth's mandate, a new access road is to be constructed to provide enhanced roadway and multimodal access to the new facility. This proposed new access road will be constructed by the City using local funds, no state or federal funds are requested, however, the proposed location for the new roadway will require a change in VDOT's limited access line.

Thank you in advance for your consideration of the request and we look forward to VDOT's expeditious review and approval of the enclosed request. Since time is of the essence for completing construction of the roadway, it is our understanding this request will be scheduled for Commonwealth Transportation Board (CTB) consideration for no later than their April meeting. Should you require additional information or detail, please feel free to contact Mr. Richard Hartman at 757.393.8592.

Sincerely,

Kenneth L. Chandler  
City Manager

Enclosures

Cc: Richard Hartman, City Engineer  
Paul Holt, City Planner  
Susan Wilson, Manager of Transportation Planning

**Office of the City Manager**

801 Crawford Street • Portsmouth, VA 23704-3822 • (757) 393-8641 • Fax: (757) 393-5241

## **City of Portsmouth Change in Limited Access Control Bart Street**

The Commonwealth Transportation Board has established limited access right of way for Bart Street. The City of Portsmouth has requested a change in the limited access control to provide a break in limited access along Bart Street for access through Harbor Way Extension to the new City Court House. The proposed break is approximately 75' in width and located approximately 150' east of Pavilion Drive.

Citizens are encouraged to submit written public comment regarding this proposed change by January 4, 2012 to Mr. Richard A. Hartman, P.E. City Engineer, 801 Crawford St., Portsmouth, VA 23704. The Commonwealth Transportation Board (CTB) will consider this request for the proposed limited access change at a future meeting.

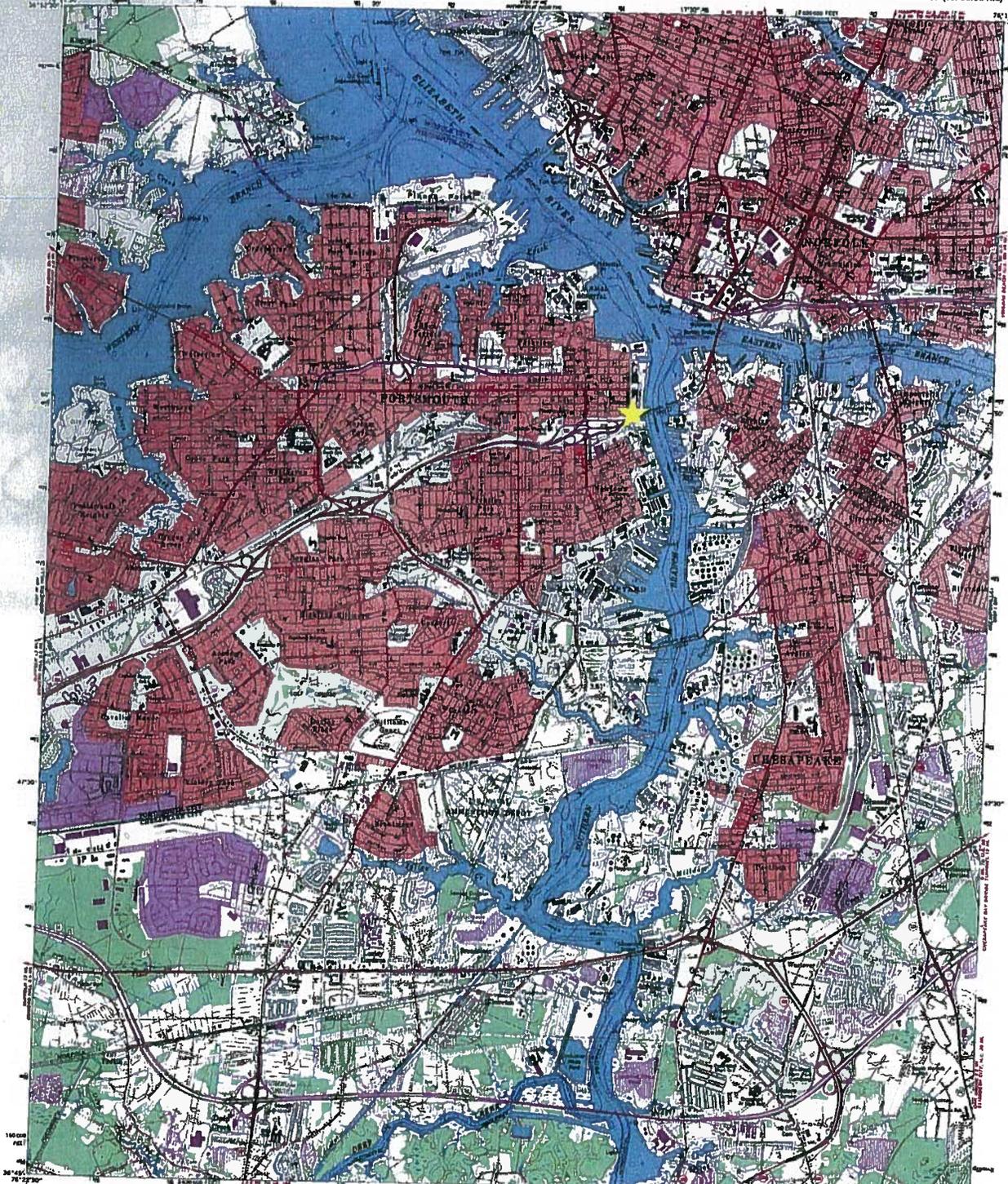
The City of Portsmouth ensures nondiscrimination and equal employment in all programs and activities in accordance with Title VI and Title VII of the Civil Rights Act of 1964.

VP December 18 & 28, 2011      22798761

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
GEOLOGICAL SURVEY

COMMONWEALTH OF VIRGINIA  
DIVISION OF MINERAL RESOURCES

NORFOLK SOUTH QUADRANGLE  
VIRGINIA  
7.5 MINUTE SERIES (TOPOGRAPHIC)



Revised, edited, and published by the Geological Survey  
Checked by 1953, 1954, and 1955  
Topography by photogrammetric methods from aerial  
photographs taken 1943. Field checked 1955  
Detailed hydrographic data compiled from 1910 chart 452 (1948)  
This information is not intended for navigational purposes  
Polyconic projection. 15,000-foot grid based on  
Virginia coordinate system, mean time  
1000-meter Universal Transverse Mercator grid data,  
zone 18, datum is NAD. 1:50,000 scale  
No place on the published South American Datum 1963  
does the projection have 11 meter scale and  
30 meters west as shown by United States data  
Red line indicates areas in which only boundary buildings are shown  
There may be other buildings within the boundaries of  
the National or State boundaries shown on this map



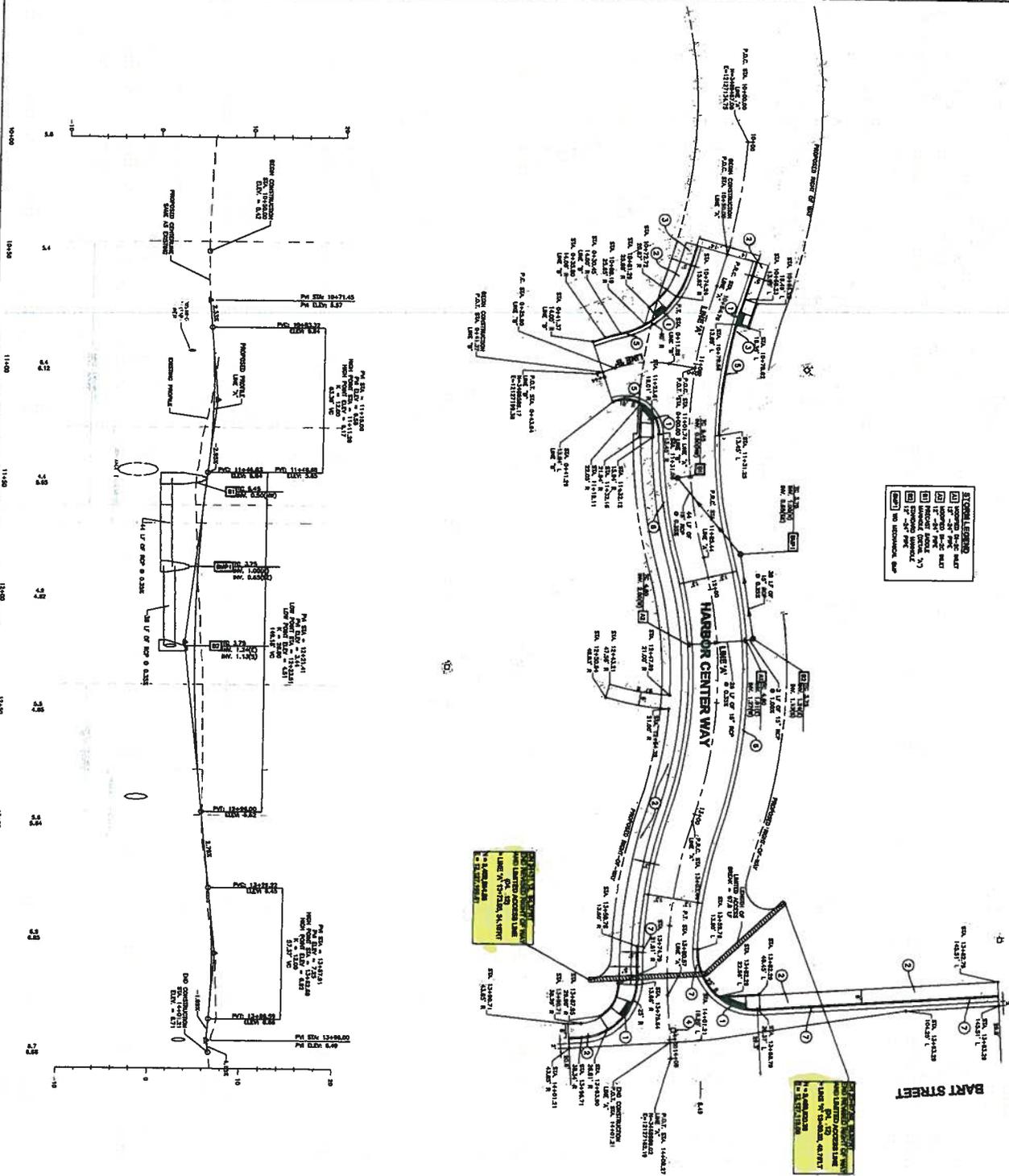
CONTOUR INTERVAL, 5 FEET  
NATIONAL GEODETIC SURVEY, DATUM OF 1929  
DEPTH CURVES AND SOUNDINGS IN FEET, METER AND FATHOM  
U.S. BUREAU OF HYDROGRAPHY, THE OFFICE OF NAVAL WATER  
ENGINEERING, AND THE OFFICE OF NAVAL WATER  
SUPPLY, WASHINGTON, D.C. (APPROXIMATELY 1957)  
THE MAP COPIES ARE PRINTED AND ASSIGNED TO THE  
FOR SALE BY U.S. GEOLOGICAL SURVEY, DENVER, COLORADO 80202,  
OR RESTON, VIRGINIA 22092  
AND VIRGINIA DIVISION OF MINERAL RESOURCES, CHARLOTTESVILLE, VIRGINIA 22903  
A POLYCONIC PROJECTION MAP AND SYMBOLS IS AVAILABLE ON REQUEST

ROAD CLASSIFICATION  
Heavy-duty — Light-duty —  
Medium-duty — Unimproved dirt —  
Intercity Road — U.S. Road — State Road



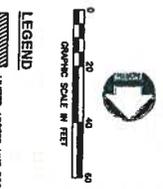
NORFOLK SOUTH, VA.  
38026-03-19-024  
1953  
PHOTODUPLICATION SERVICE  
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Legend: Location of Project and Proposed Limited Access Break 



**SYMBOL LEGEND**

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[Symbol]	50" ASPHALT CONCRETE, 5" 1" SUB



**KEYNOTE LEGEND**

1	ACCESSIBLE CURB RAMP PER G-12
2	CONCRETE WALK PER CL-8
3	ADJUST CURB TO GRADE
4	REPLACE CURB CURB WITH R/A/T
5	3" C&G AND CUTTER PER CL-1
6	2" C&G AND CUTTER PER CL-1
7	3" C&G AND CUTTER

- GENERAL NOTES:**
- REFER TO EXISTING CONDITIONS AND DETERMINE DIMENSIONS. ALL DIMENSIONS SHOULD BE USED FOR SCHEDULING THAT IS CALLED OUT HEREIN. DIMENSIONS NOT SHOWN SHOULD BE OBTAINED FROM THE SHED SHEET.
  - REFER TO GRADING DETAILS FOR ALL DETAILED SPOT ELEVATIONS AND INTERSECTIONS.
  - REFER TO FINISHING LAYOUTS AND SERVICE PLAN LAYOUTS FOR ALL DIMENSIONS AND PROPOSED ELEVATIONS.
  - REFER TO LAYOUTS FOR ALL PROPOSED LAYOUTS.
  - REFER TO LAYOUTS FOR ALL PROPOSED LAYOUTS.
  - ALL SLOPES/GRASSES ARE INDICATED TO LEFT UNLESS OTHERWISE NOTED ON THE PLANS.
  - ALL DIMENSIONS ARE TO THE BACK OF CURB UNLESS OTHERWISE NOTED.
  - SEE CONSTRUCTION BASELINE INFORMATION ON SHEET FOR CONTIGUOUS DATA.

REMOVE THE "MISS UTILITY" FROM THE UTILITY SHEET.

NOT FOR CONSTRUCTION

**HARBOR CENTER WAY ROAD EXTENSION**  
 CITY OF PORTSMOUTH, VA 23704

**ROAD PLAN AND PROFILE**

C200

**WOOLPERT**

670 Independence Parkway  
 Suite 100  
 Chesapeake, VA 23320  
 P 757.546.5440

PROJECT No.	No.	DATE	REVISION
10101	1	01/24/12	ISSUE FOR PERMIT
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	4		
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	9		
	10		





# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Sean T. Connaughton  
Chairman

1401 East Broad Street  
Richmond, Virginia 23219

(804) 786-2701  
Fax: (804) 786-2940

*Agenda item # 2-B*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2012

#### MOTION

**Made By:**                      **Seconded By:**                      **Action:**

**Title: Approval of Proposed Limited Access Control and Right of Way  
Route 1 (Jefferson Davis Highway) and Route 123 (Gordon Boulevard) Interchange  
Prince William County**

**WHEREAS**, in accordance with the statutes of the Commonwealth of Virginia and policies of the Commonwealth Transportation Board (CTB), a Location Public Hearing was held in the Occoquan/Woodbridge/Lorton Fire Station #2 in Woodbridge, Virginia, on Thursday, July 16, 1998, between 7:00 p.m. and 9:00 p.m., to consider the location of the proposed improvements to the interchange of Route 123 (Gordon Boulevard) and Route 1 (Jefferson Davis Highway), State Highway Project 0123-076-F29, PE-101, RW-201, C-501, Federal Project STP-111-1(114); and,

**WHEREAS**, on February 18, 1999, the CTB subsequently approved the location of said interchange designated as Alternative 3A, in accordance with the plans for said Project, as proposed and presented at the said Location Public Hearing; and,

**WHEREAS**, in accordance with the statutes of the Commonwealth of Virginia and policies of the CTB, a Design Public Hearing was held at the Prince William County Government Office in the Ferlazzo Auditorium in Woodbridge, Virginia, on March 29, 2000, between 7:00 p.m. and 9:00 p.m., for the purpose of considering the major design features for the interchange of Route 123 (Gordon Boulevard) and Route 1 (Jefferson Davis Highway), State Highway Project 0123-076-F29, PE-101, RW-201, C-501, Federal Project STP-111-1(114); and,

Resolution of the Board

Approval of Proposed Limited Access Control and Right of Way for Design of Proposed Interchange

Route 1 (Jefferson Davis Highway) and Route 123 (Gordon Boulevard)

April 18, 2012

Page Two of Four

**WHEREAS**, on August 17, 2000, the CT B approved the major design features, including the Limited Access Control and Right of Way lines, in accordance with the plans for the said Project, as proposed and presented at the said Design Public Hearing; and,

**WHEREAS**, after the said design approval on August 17, 2000, further advancement of the project was delayed, due to funding and other issues, until September 20, 2007, when agreement was reached between Prince William County and the Virginia Department of Transportation (VDOT) for VDOT to administer final design, right of way acquisition and construction for the said Project; and,

**WHEREAS**, during the course of updating the engineering analysis and design for the said Project, it became necessary to make changes to the major design features, including the Right of Way and Limited Access Control that had been previously approved on August 17, 2000; and,

**WHEREAS**, in accordance with the statutes of the Commonwealth of Virginia and policies of the CTB, a Design Public Hearing was held at the Botts Fire Hall, in Woodbridge, Virginia, on March 24, 2011, between 5:00 p.m. and 8:00 p.m., for the purpose of presenting the updated design, and consideration of the revised major design features for the Route 123 (Gordon Boulevard) and Route 1 (Jefferson Davis Highway) interchange; and,

**WHEREAS**, the proposed project consists of the design and construction of a grade separated interchange with a new bridge for elevating Gordon Boulevard over Jefferson Davis Highway and the tracks of the CSX Railroad, and other improvements to Gordon Boulevard, Occoquan Road, Jefferson Davis Highway, Belmont Bay Drive and Express Drive; and,

**WHEREAS**, the said Project will be constructed in two phases, with Phase I consisting of widening Route 1 from four to six lanes from Mary's Way to the bridge over the Occoquan River, and the widening of Occoquan Road.; and Phase II will include construction of the said interchange, widening of Route 123 from four to six lanes and the said bridge over Route 1 and the CSX Railroad along with Belmont Bay Drive and Express Drive; and,

**WHEREAS**, the said Project is in compliance with NEPA requirements based on the findings set forth in an October 15, 1999, Final Environmental Assessment (EA) and the findings set forth in the Federal Highway Administration (FHWA) December 22, 1999, determination of applicability for a Finding of No Significant Impact (FONSI), on January 4, 2000; and,

Resolution of the Board

Approval of Proposed Limited Access Control and Right of Way

Route 1 (Jefferson Davis Highway) and Rte 123 (Gordon Boulevard) Interchange

April 18, 2012

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**WHEREAS**, on September 20, 2011, FHWA concurred with the findings of the EA & FONSI reevaluation for the said Project, as presented at the said public hearing on March 24, 2011; and,

**WHEREAS**, specifically, FHWA concurred that the said Project would not result in significant environmental impacts, and that the January 4, 2000, FONSI remains valid; and,

**WHEREAS**, as part of its concurrence, FHWA also made a Section 4(f) finding of *de minimis* impact for unavoidable impacts to an adjoining parcel owned by Prince William County Department of Parks and Recreation (the Jefferson Park site); and,

**WHEREAS**, proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, with their statements being duly recorded; and,

**WHEREAS**, the economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.

**NOW, THEREFORE BE IT RESOLVED**, in accordance with the statutes of the Commonwealth of Virginia and policies of the CTB, that the Route 1 and Route 123 interchange be designated as a Limited Access Highway with the Limited Access Control described as follows:

Beginning on the right side of Route 1 at Station 68+84.67, and continuing north along the eastern side of Route 1 and ending at Route 1 Station 85+21.40, as a break to accommodate proposed Belmont Bay Drive; and beginning just north of proposed Belmont Bay Drive at Route 1 Station 88+12.28, and continuing north along the eastern side of Route 1 and ending right of Route 1 Station 104+13.26; and also beginning left of Route 1 Station 70+12.72, and continuing north along the western side of Route 1 and the southern side of Route 123 and ending left of Route 123 Station 29+66.61, as a break to accommodate Route 123; and beginning right of Route 123 Station 30+49.15, and continuing north along the northern side of Route 123 and western side of Route 1, and ending left of Route 1 Station 104+13.21, with a break provided on the western side of Route 1 between Stations 75+25 and 75+45, and on the eastern side of Route 1 between Stations 75+25 and 75+45 to provide access to the proposed pedestrian sidewalk and shared use path; and also beginning left of Route 123 Station 37+75, and continuing west along the southern side of Route 123 and tying into the existing limited access line of the Interstate 95 and Route 123 interchange at approximate Station 37+80.

Resolution of the Board  
Approval of Proposed Limited Access Control and Right of Way  
Route 1 (Jefferson Davis Highway) and Rte 123 (Gordon Boulevard) Interchange  
April 18, 2012  
Page Four of Four

**BE IT FURTHER RESOLVED**, that the CTB grants two temporary breaks in the aforesaid Limited Access Control to facilitate the construction staging of this proposed Project, described as follows:

Beginning on the right side of Route 1 at Station 70+75, and continuing on the eastern side of Route 1, and ending at Station 76+75; and also beginning on the left side of Route 1 at Station 77+10, and continuing on the western side of Route 1, and ending at Station 77+50.

The said temporary breaks shall terminate upon the completion of the construction of the proposed Route 1 and Route 123 interchange; and ,

**BE IT FURTHER RESOLVED**, that approval of this Resolution supersedes the previous Resolution approved by the Commonwealth Transportation Board dated August 17, 2000.

####

**CTB Decision Brief**  
**Approval of Proposed Limited Access Control and Right of Way**  
**Route 1 (Jefferson Davis Highway) and Rte 123 (Gordon Boulevard) Interchange**  
**Project 0123-076-F29, PE-101, RW-201,C-501**  
**Prince William County**

**Issue:** The intersection of Route 1 (Jefferson Davis Highway) and Route 123 (Gordon Blvd) is an at-grade intersection of two multi-lane arterial highways, which provides a critical link in the County's transportation network as well as access to Interstate 95, and the local business and residential communities. The intersection's current capacity and geometrics do not meet current VDOT standards for existing and future traffic volumes, and is in the approved Prince William County Comprehensive Plan (PWCCP) to be improved with construction of a grade separated interchange.

On February 18, 1999, the Commonwealth Transportation Board (CTB) approved the location of said interchange designated as Alternative 3A, in accordance with the plans for State Highway Project 0123-076-F29, PE-101, RW-201, C-501, and on August 17, 2000, the CTB approved the major design features of the said Project as presented at a Design Public Hearing on March 29, 2000. Following the design approval on August 17, 2000, advancement of the project to construction was delayed due to funding shortfalls and other issues.

On September 20, 2007, the Virginia Department of Transportation (VDOT) agreed to administer final design activities, and advance the project to right of way acquisition and construction at the request of Prince William County. To meet current standards, modifications to the interchange type, and improvements of a new bridge for elevating Gordon Boulevard over Jefferson Davis Highway, and the tracks of the CSX Railroad, and other improvements to Gordon Boulevard, Occoquan Road, Jefferson Davis Highway, Belmont Bay Drive and Express Drive are necessary, and include adjustments to the previously approved limited access control beginning on the right side of Route 1 at Station 68+84.67, and continuing north along the eastern side of Route 1 and ending at Route 1 Station 85+21.40, as a break to accommodate proposed Belmont Bay Drive; and beginning just north of proposed Belmont Bay Drive at Route 1 Station 88+12.28, and continuing north along the eastern side of Route 1 and ending right of Route 1 Station 104+13.26; and also beginning left of Route 1 Station 70+12.72, and continuing north along the western side of Route 1 and the southern side of Route 123 and ending left of Route 123 Station 29+66.61, as a break to accommodate Route 123; and beginning right of Route 123 Station 30+49.15, and continuing north along the northern side of Route 123 and western side of Route 1 and ending left of Route 1 Station 104+13.21, with a break provided on the western side of Route 1 between Stations 75+25 and 75+45, and on the eastern side of Route 1 between Stations 75+25 and 75+45 to provide access to the proposed pedestrian sidewalk and shared use path; and also beginning left of Route 123 Station 37+75, and continuing west along the southern side of Route 123 and tying into the existing limited access line of the Interstate 95 and Route 123 interchange at approximate Station 37+80. Temporary breaks in the proposed limited access control is necessary to facilitate the construction staging of this proposed Project, beginning on the right side of Route 1 at Station 70+75, and continuing on the eastern side of Route 1, and ending at Station 76+75; and also beginning on the left side of Route 1 at Station 77+10, and continuing on the western side of Route 1, and ending at Station 77+50. The said temporary breaks shall terminate upon the completion of the construction of the proposed Route 1 and Route 123 interchange.

## **CTB Decision Brief**

### **Approval of Proposed Limited Access Control and Right of Way**

### **Route 1 (Jefferson Davis Highway) and Rte 123 (Gordon Boulevard) Interchange Project 0123-076-F29, PE-101, RW-201,C-501**

### **Prince William County**

### **Page 2**

#### **Facts:**

- VDOT presented this modified design at a Design Public Hearing on March 24, 2011, held at the Botts Fire Hall in Woodbridge, Virginia.
- Proper notice was given in advance, and all those present were given a full opportunity to express their opinions and recommendations for or against the proposed project as presented, with their statements being duly recorded.
- There were a variety of comments received, and a summary of the all comments received and VDOT responses is attached.
- The economic, social, and environmental effects of the proposed project have been examined and given proper consideration, and this evidence, along with all other, has been carefully reviewed.
- The Prince William County Board of Supervisors subsequently endorsed the project as presented at that public hearing by Resolution 11-420 at their regular board meeting on May 17, 2011.
- This project is in compliance with NEPA requirements based on the findings set forth in an October 15, 1999 Final Environmental Assessment (EA), and the findings set forth in the Federal Highway Administration's (FHWA's) December 22, 1999, determination of applicability for a Finding of No Significant Impact (FONSI), which FHWA signed on January 4, 2000.
- On September 20, 2011, FHWA concurred with the findings of the EA & FONSI reevaluation for the project, as presented at the public hearing of March 24, 2011, and specifically concurred that the project would not result in significant environmental impacts, and that the January 4, 2000 FONSI remains valid, and also made a Section 4(f) finding of *de minimis* impact for unavoidable impacts to an adjoining parcel owned by Prince William County Department of Parks and Recreation (the Jefferson Park site).
- Full funding for construction of the ultimate interchange is not currently available, therefore, the said Project will be constructed in two phases, as there is sufficient funding in place for construction of Phase I consisting of widening Route 1 from four to six lanes from Mary's Way to the bridge over the Occoquan River, and the widening of Occoquan Road; and Phase II will include construction of the said interchange, widening of Route 123 from four to six lanes and the said bridge over Route 1 and the CSX Railroad along with Belmont Bay Drive and Express Drive when funding becomes available.
- All right of way that is needed for Phase 1 & 2 construction will be acquired now in order to secure the interchange footprint, as full funding for right of way is in place.

**Recommendations:** It is recommended that in accordance with the statutes of the Commonwealth of Virginia and policies of the CTB, that the Route 1 and Route 123

**CTB Decision Brief**

**Approval of Proposed Limited Access Control and Right of Way**

**Route 1 (Jefferson Davis Highway) and Rte 123 (Gordon Boulevard) Interchange  
Project 0123-076-F29, PE-101, RW-201,C-501**

**Prince William County**

Page Three

interchange be designated as a Limited Access Highway with the Limited Access Control as described herein and the CTB approve, by Resolution, the limited access right of way presented at the Design Public Hearing dated March 24, 2011. This will rescind/supersede the approval previously granted by the CTB on August 17, 2000.

**Action Required by CTB:** The *Code of Virginia* requires a majority vote of the CTB approving the recommended LACC. The CTB will be presented with a resolution for a formal vote to approve the limited access right of way as presented at the Design Public Hearing on March 24, 2011. This Resolution will supersede the CTB approved Resolution dated August 17, 2000.

**Result, if approved:** The Commissioner of Highways will be authorized to execute any and all documents needed to comply with the resolution, and the Routes 1 & 123 Improvements project will move forward to seek federal authorization for right of way acquisition.

**Options:** Approve, Deny, or Defer.

**Public Comments/Reactions:** See attachment

**Public Comments/Reactions:**

One hundred twenty seven (127) citizens attended the Design Public Hearing of March 24, 2011. One thousand six hundred forty nine (1649) comments were received as a result of the public hearing. Of this, one thousand two hundred eighty nine (1289) arrived as a form letter/petition signed by customers of Dixie Bones Restaurant and two hundred twenty (220) as a form letter/petition from employees, owners and church parishioners of the Woodbridge Shopping Center. All of these opposed the project due to the desire for improved access and lesser property impacts over that presented at the public hearing. The primary request provided to the Department was to 1) shift the widening of Occoquan Road to the opposite (north) side of the road and 2) improve the access at the Route 1 and Easy Street connection to better facilitate ingress/egress for customers & delivery vehicles and minimize parking space loss.

**Response:** VDOT, in conjunction with the local County Board Supervisor, held several subsequent meetings with representatives and engineers of the Woodbridge Shopping Center and the owner of Dixie Bones Restaurant to discuss their concerns. As a result of these discussions, several design changes were made which largely alleviated their concerns. Specifically, the Occoquan Road alignment was shifted approximately 28 feet to the north. This eliminated the need for relocation of eight (8) businesses and homes. This also reduced parking space impacts. Additionally, the connection of Route 1 and Easy Street was shifted to a location further south to improve ingress/egress and reduce impacts. These changes did not result in additional right of way impacts to new parcels not previously identified at the public hearing.

Most of the remaining comments received were from the residents of the Belmont Bay Community located on the east side of Route 1 and the owners of commercial properties off of Annapolis Way on the west side of Route 1.

With respect to the Belmont Bay Community, their comments were primarily related to air, noise and aesthetic impacts and the desire to not have a new bridge carrying Gordon Blvd over Route 1 thereby providing access of traffic through their community.

**Response:** A Town Hall meeting was held by Prince William County and VDOT to meet with citizens of the Belmont Bay Community. It was explained that the NEPA required Air & Noise Study determined that the noise threshold level required to meet federal criteria for project funded sound walls was not met. The Department will however, consider what other options such as fencing, landscaping, etc. can be added at project cost to soften impacts. Noise during construction will be restricted to time of day work hour requirements. It was also explained that an increase of traffic through Belmont Bay Drive was not anticipated as most traffic on that road would be local and most users of the new Gordon Blvd bridge would be accessing Express Drive and the existing VRE station.

In general, the design through this community, is the same as that previously approved by the CTB on August 17, 2000 and utilizes prior dedications made by the developer of the Belmont Bay Community.

The concerns of the property owners and businesses operating off of Annapolis Way were

primarily the loss of full access off of Route 1 once phase two of construction is complete. There is a master plan which indicates the area currently being served by Annapolis Way to be re-developed into a pedestrian friendly Town Center concept with retail, office and residential. As part of this development, Annapolis Way is to be extended to the north and connected to Gordon Blvd. This will alleviate the concerns of the owners regarding access.

**Response:** The Prince William County Board has agreed that phase two interchange construction will not be pursued without first completing the Annapolis Way extension either before, or as part of, the phase two interchange construction. In addition, the phase two design by VDOT provides partial right turn in-right turn out access to Annapolis Way off of Route 1.

DAWSON BEACH ROAD

WOODBRIDGE SHOPPING CENTER

DAVIS ST

WOODBRIDGE ST

OCCOQUAN ROAD

NOTE: A TEMPORARY BREAK IN THE LIMITED ACCESS RIGHT-OF-WAY HAS BEEN PROVIDED BETWEEN STA. 70+75 AND STA. 78+75 RIGHT OF ROUTE 1 AND STA. 77+10 TO STA. 77+60 LEFT OF ROUTE 1. UPON THE CONSTRUCTION OF THE PROPOSED INTERCHANGE AT ROUTE 1 AND ROUTE 123, THE TEMPORARY BREAK IN THE LIMITED ACCESS RIGHT-OF-WAY WILL BE CLOSED.

TEMPORARY BREAK IN LIMITED ACCESS RWY STA. 70+75 TO STA. 70+75 SEE NOTE

WOODBRIDGE VENT/AIRTRAK STATION

EXPRESS DRIVE

TEMPORARY BREAK IN LIMITED ACCESS RWY STA. 77+10 TO STA. 77+60 SEE NOTE

U.S. ROUTE 1

CSX RAILROAD

STATION PLAZA DRIVE

STATION PLAZA DRIVE

ROBERTS ROAD

FITZHUGH LANE

MONROE DRIVE

S.S. ROUTE 123

N.S. ROUTE 123

123

ANNAPOLIS WAY (WEST)

CHATFIELD CT

HERON RUN LA.

PROP. BELMONT BAY DR

HERON'S VIEW WAY

FERRY LANDING LANE

POTOMAC PATH DR.

COLCHESTER FERRY PLACE

BELMONT CENTER

RAILROAD AVE.

BRIDGE TO BE REMOVED

TO WASHINGTON, D.C.

1

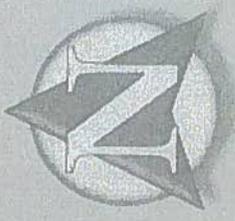
ANNAPOLIS WAY (EAST)

END PROJECT



Stafford County

Fairfax County



Occoquan River

River

123

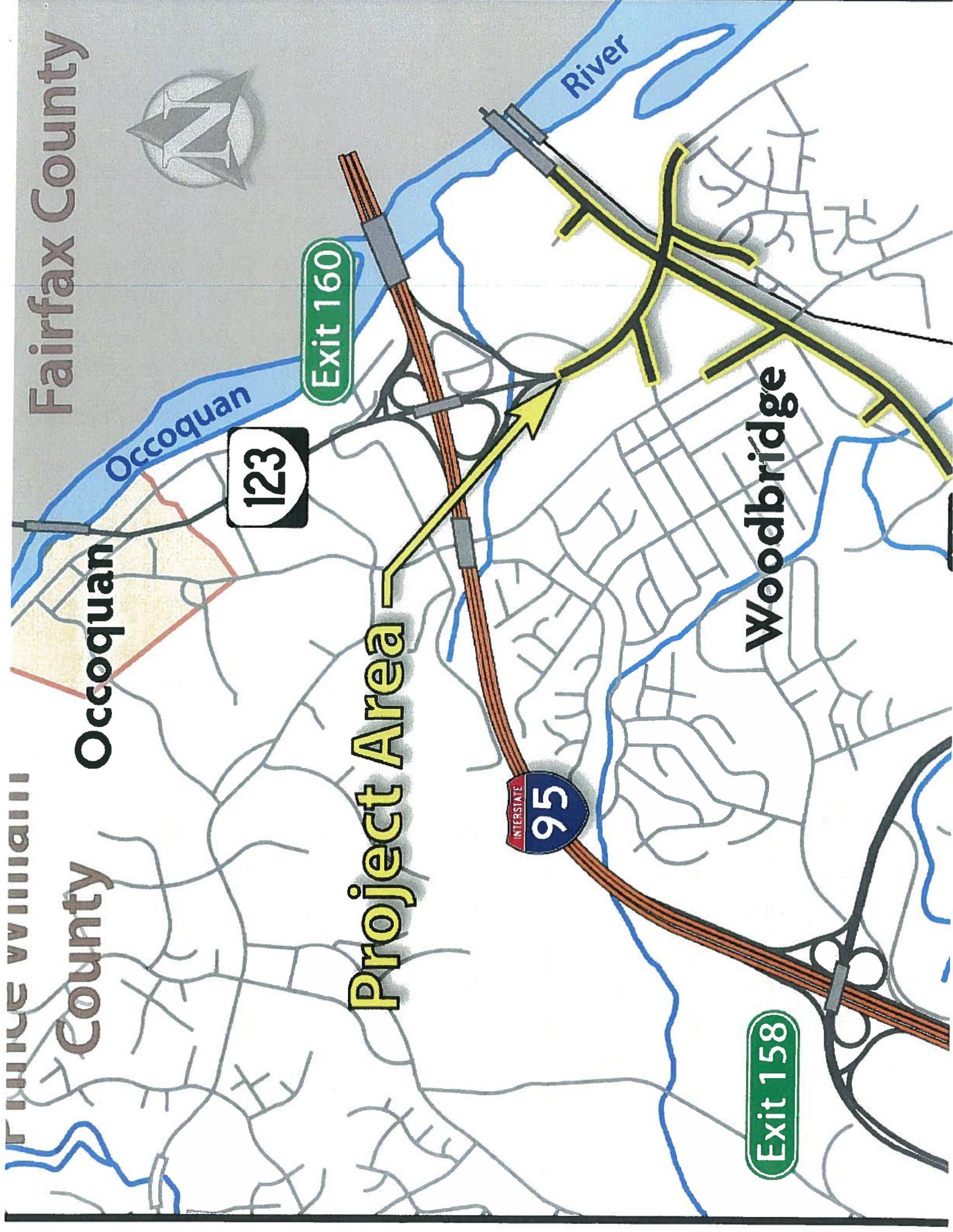
Exit 160

Project Area

INTERSTATE 95

Exit 158

Woodbridge



**MOTION: PRINCIPI**  
**SECOND: CADDIGAN**

**May 17, 2011**  
**Regular Meeting**  
**Res. No. 11-420**

**RE: ENDORSE THE VIRGINIA DEPARTMENT OF TRANSPORTATION**  
**ROUTE 1/ROUTE 123 INTERCHANGE PROJECT - WOODBRIDGE**  
**MAGISTERIAL DISTRICT**

**ACTION: APPROVED**

**WHEREAS**, this project will improve and widen a congested segment of Route 1 and Route 123, create a safe and efficient access to the east side of Route 1 into the Belmont Bay community, and improve the pedestrian facilities in the area; and

**WHEREAS**, this project will widen Route 1 to six lanes from Annapolis Way to Mary's Way, and Route 123 to six lanes from near the I-95 Interchange to Route 1, raise Route 123 over Route 1 and the CSX Railroad into Belmont Bay Drive, eliminate the at-grade intersection/traffic signal at Route 1 and Route 123, improve Occoquan Road from Route 1 to just east of Horner Road, and construct sidewalks and multi-use trails on each side of both Route 1 and Route 123; and

**WHEREAS**, this project is proposed to be completed in two phases, in which Phase I will include widening of Route 1 to six lanes, with improvements to Occoquan Road, and Phase II will include the widening of Route 123 and the construction of the interchange, with all pedestrian improvements; and

**WHEREAS**, all right-of-way (ROW) for the entire project will be acquired in Phase I; and

**WHEREAS**, the proposed interchange project will require the purchase of approximately 20 acres of ROW, which will impact 41 businesses, one non-profit organization, and two families; and

**WHEREAS**, property owners will be informed of exact locations of the easements and land acquisitions once the design is finalized and during the ROW acquisition process; and

**WHEREAS**, the Virginia Department of Transportation (VDOT) held the design public hearing on this project on March 24, 2011, at the Botts Firehall in Woodbridge, in which there were over 200 attendees and over 1,600 comments submitted on the project; and

**WHEREAS**, the Prince William County Department of Transportation, in conjunction with the Planning Office, the Department of Fire and Rescue, and the County Executive's Office, submitted comments to VDOT on this project; and

May 17, 2011  
Regular Meeting  
Res. No. 11-420  
Page Two

**WHEREAS**, the County and area businesses have requested VDOT to maintain access to all businesses on Route 1 where possible with the construction of Phase I, and to limit the impacts to existing businesses on Occoquan Road; and

**WHEREAS**, the County and area property owners have also requested VDOT to design and construct better access to the north-west quadrant of the interchange in Phase II of the project, including the design and construction of an extended Annapolis Way in a manner that would allow for major truck traffic movement, maintaining Annapolis Way at Route 1 as a permanent right-in/right-out, and limit impact to access on Horner Road; and

**WHEREAS**, the County requests VDOT re-examine noise mitigation needs for the Belmont Bay community and the possibility of retaining, in some manner, the VRE Kiss and Ride facility on Route 1 before the construction of Phase II of the project; and

**WHEREAS**, design approval is anticipated in the summer of 2011, ROW acquisition/utility relocation to begin in early 2012, with project construction estimated to start in the fall of 2014; and

**WHEREAS**, the estimated cost of the project is \$236 million, of which Phase I is \$142 million and Phase II is \$94 million; and

**WHEREAS**, the VDOT Draft FY2012 Six-Year Improvement Program includes Phase I being fully funded and Phase II having some initial funding in the latter years of the program;

**NOW, THEREFORE, BE IT RESOLVED** that the Prince William Board of County Supervisors does hereby endorse the Virginia Department of Transportation Route 1/Route 123 Interchange Project, as it may be further modified in response to the above access and impacts, concerns, and the above public input.

**Votes:**

**Ayes:** Caddigan, Covington, Jenkins, May, Nohe, Principi, Stewart, Stirrup

**Nays:** None

**Absent from Vote:** None

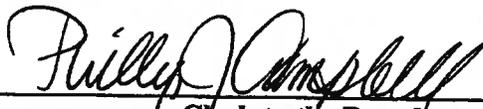
**Absent from Meeting:** None

**For Information:**

Transportation Director

VDOT – PWC Land Development Chief

ATTEST: \_\_\_\_\_

  
Clerk to the Board

## Design Public Hearing

March 24, 2011

Project #: (FO) 123-076-F29  
Federal Project #: STP111-1(114), STP-123-9(002)  
UPC: 14693/94102/100938  
Prince William County

### Summary of Comments Received and Staff Responses

1. There were 1,509 comments received stating they were opposed to the project due to loss of access and impacts to the Woodbridge Shopping Center and the Dixie Bones Restaurant. All of these comments were form letters received from the employees, owners, customers, and church parishioners located in the Woodbridge Shopping Center. Comments were: widen Occoquan Road to the north on vacant property (Cowles Ford); the proposed access from Route 1 via the Easy Street Connector is not adequate for a shopping center; loss of parking; impacts to CVS will likely result in loss of this business; and loss of ingress and egress from Occoquan Road due to the raised median.

*Response: VDOT has held several meetings with the Woodbridge Shopping Center representatives and the owner of Dixie Bones Restaurant to address their concerns in loss of access and impacts to the shopping center. As a result of those meetings, several design changes have been made to the project. 1) Occoquan Road has been shifted 28' to the north to hold the existing curb line along the southern side of the roadway. This shift will also eliminate the acquisition and/or relocation of eight businesses and families. Occoquan Road median has been revised to allow for u-turns to access businesses and homes located on the south side of Occoquan Road. 2) The Easy Street Connector has been relocated to approximate Station 51+50 which will provide better access to the shopping center and provides a right-in and right-out movement on Route 1. With the shift of Occoquan Road parking losses have been reduced to those impacted along Route 1. The traffic circulation around the CVS will be reduced to one-way traffic.*

2. There were fourteen (14) comments pertaining to the intersection of Annapolis Way and Route 1. During Phase I, a traffic signal will provide full ingress and egress movements between Route 1 and Annapolis Way. During Phase II, the intersection was designed to allow for right turns in only for southbound Route 1 traffic only. Northbound Route 1 traffic would need to go into Fairfax County and make a u-turn at the signal at Furnace Road.

*Response: VDOT held several meetings with business owners that would be affected by the current design. During Phase I, a full access signalized*

*intersection will be provided but during Phase II, the present design allowed for a right-in only movement from Route 1. Design revisions have been made to provide an additional right-out movement from Annapolis Way. This movement will be provided in Phase II by a slip ramp onto Ramp C and all desired traffic movements can be made from the interchange at Route 123 and Route 1. VDOT and Prince William County has agreed that the interchange and Phase II would not be constructed until additional roadways are constructed as part of the North Woodbridge Master Plan.*

3. Eighteen (18) residents from the Belmont Bay communities located east of the railroad provided comments. Most of the residents were opposed to the project because of anticipated increase in noise, traffic and speed. Most were in opposition to constructing the bridge over the railroad into their community but were in favor of widening Route 1 and not constructing Phase II. Eight (8) comments were concerned with increase in noise from trains and the Route 1 and the need for a noise wall.

*Response: Prince William County held a Town Hall meeting along with VDOT to discuss the project and answer any questions from the residents of the Belmont Bay communities. A detailed explanation was given on the noise study that had been conducted as part of the environmental process. 134 sites were studied and the existing year noise levels ranged from 54 to 69 dBA. A barrier was considered for the six houses located on Railroad Avenue. Due to lack of sufficient right-of-way between Railroad Avenue and the rail line, construction a barrier at this location is not feasible.*

4. There were five (5) comments received from Belmont Bay residents that had concern for increased traffic in their community and six (6) comments received from Belmont Bay residents concerned with the increase in noise as a result of rerouting traffic through their neighborhood.

*Response: It is not anticipated that traffic will increase on Belmont Bay Drive as most traffic is local traffic and this area is almost completely developed. Therefore, little increase traffic is anticipated. Express Drive will see an increase in traffic after construction of Phase II but not in Phase I. This additional traffic would be thru traffic to Dawson Beach Road and traffic to the VRE Station. Express Drive will be signalized at both ends of the street. The only driveways/entrances along Express Drive are the entrances to the VRE Station. No access points are provided to the Belmont Bay communities. An increase in noise can be expected during construction as typical for any project of this size. No significant increase in noise levels are anticipated as a result of the construction of Express Drive or Belmont Bay Drive.*

5. There were four (4) comments received that opposed rerouting of Railroad Avenue thru the Belmont Bay Townhouses.

*Response: Prince William County's Attorney has determined that the existing easement and previous agreements with the Developer allowed the routing of Railroad Avenue thru the internal street system of the townhouses.*

6. There were four (4) comments received from Belmont Bay residents concerned over air quality.

*Response: There will be temporary increases in air pollution due to construction activities but no significant increase in long term air pollution due to the project is anticipated. As typical for construction projects, properties adjacent to the construction site will experience short term increase in construction noise and dust. Specifications will be in place to control dust during construction.*

7. There were three (3) comments received that were concerned with vehicle headlights shining into their homes at the intersection of Belmont Bay Drive and Express Drive due to raising of the grade in front of their homes.

*Response: Several options for screening can be provided to include: fencing, landscaping, etc. and will be addressed during the development of the conceptual landscape plans.*

8. There were two (2) comments suggesting that an overhead traffic circle replace the existing at-grade intersection at Dawson Beach Road and Occoquan Road.

*Response: The traffic circle would be located too close to the proposed interchange and would not provide enough distance for the ramps for the traffic circle or the interchange.*

9. There were ten (10) comments pertaining to the appearances of properties already purchased by VDOT on the previous project and properties that will be acquired for Phase II and will not be used till some undetermined time in the future.

*Response: There will be extensive landscaping including as part of this project that would include clearing of parcels and landscaping of those areas. A conceptual landscaping plan will be developed and finalized to address esthetics and landscaping of the project.*

10. There was one comment requesting that the number of lanes be reduced on Occoquan Road and/or eliminating the raised median. (This was in addition to the comments received as part of the form letters received in No. 1.)

*Response: The number of lanes as shown on the plans were determined by the traffic study and based upon the 2036 traffic and to maximize the efficiency of the traffic signal at Occoquan and Route 1. The raised median is required as part of the access management to limit the left-turn movements across numerous on-*

*coming travel lanes and to eliminate stopped vehicles in travel lanes waiting to make left-turn movements.*

11. There was one comment received stating that we should not use federal funds or no funds for this project.

*Response: Phase I is fully funded for construction and Prince William County continues to endorse this project as a priority.*

12. One comment was received stating that widening of Occoquan Road exceeds the scope of Route 1 and the Gateway Project and should be excluded from the project.

*Response: The widening of Route 1 was added to the project as a result of the traffic study that was performed and was required in order to maximize the traffic signal at the intersection at Occoquan Road and Route 1. This road will continue to provide access to the VRE Station as well as a heavy traffic movement to northbound Route 1. After construction, this intersection will remain as one of the critical signalized intersections in providing improved traffic flow along the Route 1 corridor.*

13. There was one comment received pertaining to the Potomac Plaza Shopping Center located on Route 1. They were concerned with loss of one entrance on Route 1, loss of access from Northbound Route 1 and loss of parking.

*Response: Our current design allows one entrance from Route 1 southbound allowing right-in and right-out movements and it has one other access point from Easy Street. The current design will improve the safety of this entrance and better facilitate the flow of traffic on Route 1. Northbound traffic wishing to access the shopping center will be required to do a u-turn at the Occoquan Road signalized intersection.*

14. There was one comment received pertaining to impacts to the Gordon Plaza Shopping Center. Some of their concerns were: loss of parking; separation of the parking from the Aidi Grocery; loss of two existing building pad sites; future access to their property; uncertainty of the Phase II timeline; future construction of the Horner Road Extension.

*Response: This property consists of an underused strip mall along with several out-parcels. The proposed design will impact several of the out-parcels that will require acquisition and will be addressed during the right-of-way acquisition phase along with the loss of parking impacts. The proposed design will not impact the Aidi Grocery and their parking will remain the same as presently is available. The proposed design provides two entrances from Route 123 to the property at Annapolis Way West and Gordon Plaza Entrance. The access from Route 1 will be eliminated by the proposed limited access right-of-way. This*

*parcel is included in the North Woodbridge Master Plan and this parcel along with several other parcels and based upon this plan would be redeveloped in the future. The Horner Road Extension is included within this redevelopment and would be constructed by the developer.*

15. There were two (2) comments received that had concerns with loss of frontage, loss of parking, loss of access to both northbound or southbound traffic and changes to site access along Route 1.

*Response: Due to the amount of widening along Route 1, most properties will be impacted with loss of property. The proposed design has investigated ways of reducing these impacts to include retaining walls where possible. Driveways have been optimized to reduce the number of entrances along Route 1 to meet the Access Management regulations. Due to the number of driveways and properties, we will be looking to provide numerous waiver requests for driveways along Route 1 south of the Occoquan Road and Route 1 intersection. Impacts to parking, right-of-way acquisition and driveway accesses will be addressed during the right-of-way acquisition process. U-turn movements will be allowed at the Route 1 intersections of Mary's Way and also at Occoquan Road for access from northbound and southbound traffic.*

16. There were two comments pertaining to bus stops in the project area and the status of bus stops and schedules during construction.

*Response: The bus stops and pedestrian access will be maintained during construction with safety being a key component of the Traffic Management Plan. The bus stops locations will be coordinated with the PRTC during the project design and the potential for bus stop shelters, benches, etc. will be investigated during the development of the conceptual landscaping plans.*

17. There was one comment received that expressed concern over truck traffic being rerouted thru residential neighborhoods.

*Response: During Phase I, full access at the intersection of Route 1 and Dawson Beach Road will be maintained. During Phase II, this intersection will be restricted to right-out only and traffic will be rerouted to Express Drive. Trucks can still use the Dawson Beach Road intersection to access the interchange. However, trucks entering Belmont Bay will need to use the interchange, the bridge over the railroad and Express Drive. Express Drive during Phase II will not include direct access to any properties of Belmont Bay. Traffic signals will be provided at either end of Express Drive to provide safe turning movements. A sidewalk has been provided for pedestrians to access the VRE station along Express Drive.*

18. There were five (5) comments received that preferred Alternative A over Alternative B for the Dawson Beach intersection with Route 1.

*Response: Full access will be provided at this signalized intersection during Phase I. During Phase II Alternative A would provided full access while Alternative B provided a right-out only movement from Dawson Beach Road to Northbound Route 1. Alternative B is the preferred alternative. This intersection will remain as one of the critical signalized intersections in providing improved traffic flow along the Route 1 corridor and an efficient operation of this intersection is dependent upon Alternative B being constructed.*

19. There were two (2) comments received that discussed the loss of ingress and egress access from Route 1 to Annapolis Way for trucks and boat trailers.

*Response: The present design would require a rerouting of the truck and boat trailers to access Annapolis Way. Other roadways would need to be constructed as part of the North Woodbridge Master Plan in order to provide the necessary traffic movements required by several businesses located off Annapolis Way. During Phase I, a full access signalized intersection will be provided but during Phase II, the present design allowed for a right-in only movement from Route 1. Design revisions have been made to provide an additional right-out movement from Annapolis Way. This movement is provided in Phase II now by a slip ramp onto Ramp C and all desired traffic movements can be made from the interchange at Route 123 and Route 1. VDOT and Prince William County has agreed that the interchange and Phase II would not be constructed until additional roadways are constructed as part of the North Woodbridge Master Plan.*

20. There were three (3) comments received that made recommendations for changes in traffic patterns and flows, intersection re-designs, and additional lanes or turn lanes that are outside of the limits of this project.

*Response: Most of the suggested projects presented were outside the limits of this project and included redesign of intersections south of this project or north of this project. Construction of this section of Route 1 is just one link in the Route 1 Corridor. As additional funds become available, additional projects will be developed. Depending on established priorities and funds available, additional projects would be anticipated. After completion of this project, existing signalized intersections may require adjustments in traffic signal timings and movements.*

21. There was one comment that requested that funds for connecting Annapolis Way East and Annapolis Way West be set aside now for future construction of this roadway.

*Response: VDOT and Prince William County have committed to ensuring that Phase II and the Interchange would not be constructed until the connector road between Annapolis Way East and Annapolis Way West. The source of the funding would be established in the future.*

22. There were four (4) comments received expressing concern over loss of access to the “kiss and ride” lot on Route 1.

*Response: Presently the parking lot for the “kiss and ride” lot is in the permitting process and access is denied at this time. The proposed design shows a limited access right-of-way located between Route 1 and the “kiss and ride” lot, thus eliminating vehicle access to the site. Pedestrian access will be maintained during all phases of the project. During Phase I, it is anticipated that vehicle access will be provided by the use of “Interim Limited Access Right-of-way”.*

23. One comment was received concerning impacts to the church and school located at the intersection of Route 1 and Mary’s Way. Their concerns included: ingress and egress during construction and after construction; noise and air quality; and existing easements for water, electric, sewer and storm sewers.

*Response: All existing easements have been shown on the plans as well as existing utilities. Adjustments/relocations of existing utilities will be completed as part of this project. During the right-of-way process, the existing easements will be considered during the appraisal process. Access to the property is from Easy Street and Mary’s Way. Access from easy Street could be interrupted on a short term basis but would be coordinated with school and church activities. As typical for construction projects, properties adjacent to the construction site will experience short term increase in construction noise and dust. Specifications will be in place to control dust during construction.*

24. There were three (3) comment received expressing a desire to widen Route 1 farther to the south of Mary’s Way and expressed concern over the location of the future widening projects.

*Response: When additional funds become available for widening of Route 1, it will be determined at that time where the best use of the funds will be allocated. The present design ends at the intersection of Mary’s Way which was designated as a logical end point for this project. The alignment shown was designed to meet the existing pavement width and lane configuration of the existing intersection while limiting impacts to existing businesses within the project limits. This alignment in no way precludes or sets the alignment for any future projects to the south. In reality, any future projects will most likely require some redesign of the proposed roadway on the southern end of this project. Future projects will need to provide studies to determine the most suitable alignment south of Mary’s Way. This study’s alignment will be determined by number of factors: engineering, construction costs, impacts to right-of-way and utilities, impacts to the environmental, constructability, etc.*

25. There was one comment received requesting trees be used instead of unsightly walls for noise abatement.

*Response: Based upon the noise study, no noise walls are required for the project. However, during the development of the landscaping design, consideration is to be given to screening needs for the residents of Belmont Bay.*

26. There were four (4) comments received for accelerating the schedule.

*Response: The design and construction schedule has been developed to ensure adequate time for the right-of-way acquisition and utility relocation processes.*

27. One comment was received asking for advanced notice of lane closures and detours and publishing in papers, etc and be done between the hours of 8:00 pm and 5:00 am Monday thru Friday.

*Response: A Transportation Management Plan will be developed that will state the time periods for lane closures and the process for identifying and advertising any detours required.*

28. There were eight (8) comments received requesting landscaping and lighting.

*Response: Extensive landscaping will be included in the project design and plans will be developed for the interim project as well as a conceptual design for Phase II. Lighting will also be included in the design plans and will include decorative lighting also. One of the goals of this project is to make this a "Gateway" project for Prince William County and Woodbridge. PWC has dedicated \$1 million for development of the Gateway Project.*

29. There were two (2) comments that stated that neither the project as a whole or the interchange will solve the traffic problems.

*Response: The project design is reflective of the traffic study that was performed to maximize the performance of the roadway systems in the area. After construction of Phase I, an almost immediate improvement in traffic flow will be noticeable. As development occurs and traffic increases, the need for the project and Phase II will be noticeable as intersections and traffic flows diminish.*

30. There was one comment received that stating that smaller projects be constructed or that funds from Phase II be used to widen Route 1 farther to the south.

*Response: The project is funded for Phase I, but funding or a schedule for Phase II has not been determined. When additional funds become available for widening of Route 1, it will be determined at that time where the best use of the funds will be allocated.*

31. There were two (2) comments requesting that the right-of-way acquisition necessary for Phase II not be bought at this time.

*Response: FHWA has required that all right-of-way and easements required for the ultimate project must be acquired under Phase I.*

32. There was one comment received that stated that the costs for the Horner Road Extension and the connector road between Annapolis Way East and West should be included in the cost of the project.

*Response: The Horner Road Extension and the connector road between Annapolis Way East and West are not a part of this project. Those roads have been included in the North Woodbridge Master Plan. Prince William County and VDOT have agreed that the connection between Annapolis Way East and West will be constructed prior to the construction of Phase II and/or the interchange.*

33. There was one comment stating that the current access to Dawson Beach Road is sufficient for access to Belmont Bay, VRE and trucks.

*Response: The present intersection is working at an unsatisfactory level of service. As additional traffic and development occurs, this intersection will only become worst. This signalized intersection is a key critical intersection in moving traffic efficiently on Route 1.*

34. There were six (6) comments received that said that Phase I would be sufficient and that the interchange or Phase II is not needed.

*Response: After the construction of Phase I, there will be a noticeable improvement in the traffic flow on Route 1. However, as future traffic increases and the North Woodbridge Master Plan is developed, Phase II will be required to handle the traffic generated by the Master Plan.*

35. There was one comment received that requested that the improvements be done within the existing footprint with no additional right-of-way.

*Response: To provide for the additional lanes on Route 1, adequate turn lanes, provide a sidewalk and multi-use trail (as set forth in the Route 1 Corridor Study), additional right-of-way and easements will be required.*

36. There were two (2) comments stating that this project would only move the problem to the bridge over the Occoquan River or to the Mary's Way intersection.

*Response: This project will provide for better traffic flow thru the project limits and is one more link completed in the Route 1 Corridor. Additional projects and funding will be required to complete the missing links in the overall Route 1 corridor.*

37. There were three (3) comments received that requested that the interchange and/or the bridge over the railroad not to be constructed.

*Response: Construction of the interchange and the bridge over the railroad will be required at some point in the future as traffic increases and development of the North Woodbridge Master Plan is developed to address increase traffic problems at existing intersections within the project limits.*

38. There were two (2) comments received requesting a bridge be constructed over Route 1 and a “kiss and ride” lot be added west of Route 1.

*Response: The proposed design shows limited access right-of-way located between Route 1 and the “kiss and ride” lot, thus eliminating vehicle access to the site. During Phase I, it is anticipated that vehicle access will be provided by the use of “Interim Limited Access Right-of-way”. Upon Construction of Phase II, the vehicle access will be eliminated but pedestrian access will be maintained. A pedestrian bridge(not included with this project) over Route 1 could be incorporated in conjunction with the development of the North Woodbridge Master Plan.*

39. There was one comment received requesting that the detours thru the Belmont Bay community be removed.

*Response: Two detours will be required to allow for construction of a portion of Express Drive and also a section of Ramp D. The Transportation Management Plan will address these detours.*

40. There was two (2) comments received requesting that Ramp B be moved to the other side of the interchange similar to the original design.

*Response: This design would be similar to the original design that required additional right-of-way and impacts and did not work as efficiently as the present design.*

41. There was one comment that requested that we get rid of “eye sore” strip malls or reduce their size.

*Response: With the anticipated improvement in traffic flows thru the area, better and easier access to adjacent properties, encourages redevelopment and/or upgrading of properties in the surrounding area.*

42. There were eight (8) comments received that discussed need for Gateway Project and offered suggestions for what could be done, for example: signage, bridge designs, banners, electronic public announcement signage, etc. Signage should have wow factor.

*Response: A part of the development of the conceptual landscaping plans will include working sessions to obtain potential ideas and suggestions for development of the Gateway.*

43. There was one comment received requesting a design that would include solar powered LED street lighting, coordinated signal lights, pedestrian signals with countdown and audible signals.

*Response: Lighting of the project is included in the project design. Lighting could include decorative lighting in different areas but would need to be consistent with VDOT and Prince William County requirements. Pedestrian signals will be incorporated into the traffic signal designs and would include countdowns for pedestrian crossings. Audible signals are based upon a needs assessment that will be provided as the design process continues.*

44. There were three (3) comments received requesting the construction of a new bridge or widening of the bridges over the Occoquan River.

*Response: This project will provide for better traffic flow thru the project limits and is one more link completed in the Route 1 Corridor. Additional projects and funding will be required to complete the missing links in the overall Route 1 corridor and that would include the construction of the bridge over the Occoquan River. The interchange at Route 123 has been designed for future construction of the bridges.*

45. There was one comment received that proposed tying the proposed trails with existing trails and updating the rest of the Route 1 corridor with bike trails.

*Response: The proposed project provides the link from Annapolis Way to the Belmont Bay community for the Potomac Heritage Trail. A multi-use trail has been provided for the length of Route 1 on this project. As future projects are developed, the multi-use trail will be extended to the south.*

46. There were four (4) comments received that requested sound absorbing material be used on the retaining walls.

*Response: As final design plans are developed, the retaining wall design will investigate the potential for using sound absorbing materials in the MSE wall material or placing sound absorbing material to the surface of the MSE walls.*

47. There were two (2) comments received wanting assurance that emergency vehicle access into and out of Dawson Beach Road would not be impeded.

*Response: Emergency vehicles will not be affected by the construction of Alternative B. Pre-empt will be placed with the traffic signal to allow for*

*emergency vehicles to make all movements thru the intersection. The design has been checked to ensure that all movements can be physically made.*

48. There was one comment received asking for a signal light at Heron's Way and Belmont Bay Drive. We also received four (4) comments concerned with increase in traffic speeds on Belmont Bay Drive.

*Response: There is no expected increase in traffic on Belmont Bay Drive and a signal is not warranted. Most of Belmont Bay has already been developed leaving little anticipated growth in the community. A signal light will be provided at Express Drive and Belmont Bay Drive to provide a safe crossing for pedestrian going to the VRE Station. For pedestrians accessing the different sections of the community (swimming pool, tennis courts, etc.), the crossing at Heron's Way will be basically the same as the existing crosswalk. The present speed limit is 35 mph and will be posted at 35 mph after construction.*

49. Six comments were received from Supervisor Frank Principi to include: Address access to Railroad Avenue rather than thru Belmont Bay townhouses; Place sound absorbers on the retaining walls of the interchange; Better access to Annapolis Way and other Woodbridge businesses; Better solution to Woodbridge Shopping Center access and impacts; Aesthetically pleasing landscaping during construction of the different phases; and look and feel of fly-over in Phase II needs to be aesthetically pleasing.

*Response: The comments from Supervisor have been addressed in the comments listed above.*

50. Four comments were received from the Prince William County Transportation Department to include: Additional access to the northeast quadrant of the interchange, right-in and right-out at Annapolis Way should remain and extending Annapolis Way East to Annapolis Way West; Horner Road between Occoquan Road and Route 123 needs to be re-examined to allow crossovers to maintain full access for businesses and properties; and Belmont Bay Community needs to be considered and informed of the noise and other environmental issues that they will face in Phase II.

*Response: Access to Annapolis Way and the northeast quadrant have been addressed by previous comments. The design was investigated to remove the raised median and/or provide a flush median for right turns along Horner Road. However, it was found that the queue from Route 123 extended most of the length of Horner Road prohibiting the right-turn movements. Horner Road has been redesigned to allow for a u-turn movement at its intersection with Occoquan Road. A town hall meeting was held on June 28, 2011 with the Belmont Bay Communities to discuss noise walls, other impacts to their community and answer any additional questions that they may have.*

51. The Prince William County Department of Fire and Rescue included: Medical response to Potomac Hospital will see a delay of 1.5 to 2 minutes due to the limited access from Dawson Bay Road; Express Drive will have additional thru traffic and truck traffic with minimal upgrades; The VRE Station will require a left-turn on Express Drive to reconnect with Route 1 and may need a signal at that location; and detours during construction on Norwood Drive – can street handle the traffic and is parking going to be allowed on street.

*Response: Most of the comments have been addressed in earlier comments. Express Drive is designed with a 30mph design speed with a new signal being added at Belmont Bay Drive. Sidewalks have been extended for better access to the VRE. The traffic signal at the VRE Station will be investigated at the time of the construction of Express Drive (during Phase II). The Transportation Management Plan will address the detours of the project to include structural condition investigations of the existing pavement, pavement widths, etc.*

52. One comment was received that requested that all utilities be placed underground.

*Response: Undergrounding of utilities is very expensive and VDOT does not currently have funds for the undergrounding of utilities. The placement of utilities underground is one of the goals of the Route 1 Corridor Study. Prince William County has been contacted about providing the funds for this work. To date, Prince William County has not requested undergrounding of utilities.*



# COMMONWEALTH of VIRGINIA

## Commonwealth Transportation Board

Sean T. Connaughton  
Chairman

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Richmond, Virginia 23219

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*Agenda Item # 3*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2012

#### MOTION

Made By:

Seconded By:

Action:

**Title: Addition of Projects to the Six-Year Improvement Program for Fiscal Years  
2012-2017**

**WHEREAS**, Section 33.1-12 (9)(b) of the *Code of Virginia*, requires the Commonwealth Transportation Board (Board) to adopt by July 1 of each year a Six-Year Improvement Program of anticipated projects and programs and that the Program shall be based on the most recent official revenue forecasts and a debt management policy; and,

**WHEREAS**, the Board is required by *Code of Virginia* Section 33.1-12 (9) and (11) to administer and allocate funds in the Transportation Trust Fund; and,

**WHEREAS**, Section 33.1-12 (9)(b) of the *Code of Virginia* provides that the Board is to coordinate the planning for financing of transportation needs, including needs for highways, railways, seaports, airports, and public transportation and is to allocate funds for these needs pursuant to §§ 33.1-23.1 and 58.1-638, by adopting a Six-Year Improvement Program; and,

**WHEREAS**, Section 58.1-638 authorizes allocations to local governing bodies, transportation district commissions, or public service corporations for, among other things, capital project costs for public transportation and ridesharing equipment, facilities, and associated costs; and,

**WHEREAS**, the projects shown in Appendix A were not included in the FY2012-2017 Six-Year Improvement Program adopted by the Board on June 15, 2011;

Resolution of the Board  
Addition of Projects to the Six-Year Improvement  
Program for Fiscal Years 2012-2017  
April 18, 2012  
Page Two of Two

**WHEREAS**, the Board recognizes that the projects are appropriate for the efficient movement of people and freight and, therefore, for the common good of the Commonwealth.

**NOW THEREFORE BE IT RESOLVED**, by the Commonwealth Transportation Board that the projects shown in Appendix A are added to the Six-Year Improvement Program of projects and programs for Fiscal Years 2012 through 2017 and are approved.

####

## CTB Decision Brief

### Addition of Projects to the Six-Year Improvement Program for Fiscal Years 2012 - 2017

**Issue:** Each year the Commonwealth Transportation Board (CTB) must adopt a Six-Year Improvement Program and allocations in accordance with the statutory formula.

**Facts:** The CTB must adopt a Six-Year Improvement Program of anticipated projects and programs by July 1<sup>st</sup> of each year in accordance with Section 33.1-12 (9)(b). The projects shown in Appendix A were not in the FY2012-2017 Six-Year Improvement Program adopted by the CTB on June 15, 2011.

**Recommendations:** The Virginia Department of Transportation (VDOT) recommends the addition of the projects to the Six-Year Improvement Program for Fiscal Years 2012 – 2017.

**Action Required by CTB:** The CTB will be presented with a resolution for a formal vote to add the projects listed in Appendix A to the Six-Year Improvement Program for Fiscal Years 2012 – 2017 to meet the Board's statutory requirements and to approve the related fund transfers.

**Options:** Approve, Deny, or Defer.

**Public Comments/Reactions:** Given that these projects are intended to further the efficient movement of people and freight and are therefore for the common good of the Commonwealth, the public expects the CTB to fulfill its statutory duty by adding the projects to the Six-Year Improvement Program for Fiscal Years 2012 – 2017.

**Appendix A  
Amendments to the FY2012-2017 SYIP**

Row	UPC	District	Jurisdiction	Route	Project Description	Total Cost	Major Fund Source	System	Fully Funded
1	100700	Northern Virginia	Loudoun	7	Rebuild Existing Traffic Signal at SR 27 and Palisade/Ridgetop	\$300,000	Highway Safety Program	Primary	No
2	102932	Statewide	Statewide	Multi	Statewide Installation of Reference Location Signs	\$3,000,000	Open Container	Interstate	Yes
3	102954	Richmond	District-wide	295	Upgrade/Replace Signs on Route 295	\$3,650,000	Open Container	Interstate	Yes
4	102955	Richmond	District-wide	295	Upgrade/Replace Signs on Route 295	\$3,675,000	Open Container	Interstate	Yes
<b>Total</b>						<b>\$10,325,000</b>			



# COMMONWEALTH of VIRGINIA

## Commonwealth Transportation Board

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*Agenda item # 4*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2012

#### MOTION

Made By:    Seconded By:  
Action:

**Title: FY12-17 Six-Year Improvement Program Transfers  
For February 28, 2012 through March 30, 2012**

**WHEREAS**, Section 33.1-12 (9)(b) of the *Code of Virginia*, requires the Commonwealth Transportation Board to adopt by July 1 of each year a Six-Year Improvement Program of anticipated projects and programs. On June 15, 2010 a resolution was approved to allocate funds for the Fiscal Years 2012 through 2017 Six-Year Improvement Program; and

**WHEREAS**, the Commonwealth Transportation Board resolved that the Commissioner should bring requests for transfers of allocations exceeding ten percent of the funds allocated to the donor project to the Board on a monthly basis for their approval prior to taking any action to record or award such action; and

**WHEREAS**, the Commonwealth Transportation Board is being presented a list of the projects and transfers exceeding ten percent attached to this resolution and agrees that the transfers are appropriate.

**NOW, THEREFORE, BE IT RESOLVED**, by the Commonwealth Transportation Board that the attached list of transfer requests exceeding ten percent of the funds allocated to the donor project is approved and shall be transferred to the project(s) as set forth in the attached list to meet the Board's statutory requirements and policy goals.

**BE IT FURTHER RESOLVED**, by the Commonwealth Transportation Board that the Commissioner, or his designee, is granted the authority to transfer up to ten percent of funds allocated to a project to another eligible project(s) to meet the Board's statutory requirements and policy goals.

####

## CTB Decision Brief

### FY12-17 Six-Year Improvement Program Transfers For February 28, 2012 through March 30, 2012

**Issue:** Each year the Commonwealth Transportation Board (CTB) must adopt a Six-Year Improvement Program (SYIP) in accordance with statutes and federal regulations. Throughout the year, it may become necessary to transfer funds between projects to have allocations available to continue and/or initiate projects and programs adopted in the SYIP.

**Facts:** On June 15, 2011, the CTB granted authority to the Commissioner, upon recommendation by the Virginia Department of Transportation's Chief of Planning and Programming and after consultation with the Commonwealth Transportation Board, to transfer up to ten percent of funds allocated to the donor project consistent with CTB priorities for programming funds and federal/state eligibility requirements. In addition, the CTB resolved that the Commissioner should bring requests for transfers of allocations exceeding ten percent to the Board on a monthly basis for their approval prior to taking any action to record or award such action.

The CTB will be presented with a resolution for formal vote to approve the transfer of funds exceeding ten percent of the funds allocated to the donor project. The resolution also clarifies that the CTB grants authority to the Commissioner, or his designee, to transfer up to ten percent of the funds allocated to a project to another eligible project, to meet the Board's statutory requirements and policy goals. The list of transfers from February 28, 2012 through March 30, 2012 is attached.

**Recommendations:** The Virginia Department of Transportation (VDOT) recommends the approval of the transfers exceeding ten percent.

**Action Required by CTB:** The CTB will be presented with a resolution for a formal vote to adopt changes to the SYIP for Fiscal Years 2012 – 2017 that include transfers of allocated funds exceeding ten percent from donor projects to projects that meet the Board's statutory requirements and policy goals.

**Options:** Approve, Deny, or Defer.

**Public Comments/Reactions:** Given the need to have allocations available to continue and/or initiate projects and programs in the SYIP, the public expects the CTB to fulfill its duty by approving the transfers for February 28, 2012 through March 30, 2012 to the Six-Year Improvement Program for Fiscal Years 2012 – 2017.

CTB Monthly Transaction Report  
March 2012

Row	District Donor Project	System Donor Project	Description Donor Project	Donor UPC	District Recipient Project	System Recipient Project	Description Recipient Project	Recipient UPC	Fund Type	Amount of Transaction District UPC	% of Change	Reason for Transfer
1	Fredricksburg	Primary	FREDERICKSBURG PRIMARY	70846	Fredricksburg	Primary	Falmouth Bridge Sidewalk Replacement	102530	Primary Formula:State	\$19,052	46.1%	Transfer of surplus funds recommended by District to provide required state matching funds for this project.
2	Fredricksburg	Primary	INSTALL WIDEN RUMBLE STRIPES Rte 3 Westmoreland	90731	Fredricksburg	Primary	Falmouth Bridge Sidewalk Replacement	102530	Safety Funds:Hazard Elimination	\$171,470	64.3%	Transfer recommended by District and Traffic Engineering Division from a completed project to continue funding a scheduled project.
3	Hampton Roads	Interstate	Install VMS and Lengthen Ramp and Weave on I-64 WB	96088	Hampton Roads	Interstate	I-65 Shoulder Improvements and Rumble Strips	89805	Highway Safety Improvements:Federal, Highway	\$2,180,160	63.5%	Transfer of surplus funds recommended by District and Traffic Engineering Division to fund scheduled project.
4	Hampton Roads	Miscellaneous	HAMPTON ROADS MPO CMAQ BALANCE ENTRY	70714	Hampton Roads, Fredericksburg	Public Transportation, Urban, Primary	Purchase 12 Replacement Buses, Purchase 38 40-ft Diesel Transit Buses, WIDEN TODD'S LN - ADDITION RIGHT TURN LANE TO TURN BIG BETHEL, Capitol Landing Rd Bicycle Accommodation, GLENN BLVD, BURNING TREE PARK, 2006 Lot, Bridge Road and Bennett's Pasture Road lot, improvements, Burnside and Lee Farm Lane intersection improvements, Portsmouth Boulevard Park and Ride Lot, US 131/75 NB turn lanes, Extend NB, TL, and intersection lighting, HRRR Segment - Salem Districtwide Pavement Sid Resistance	89533; 89696; 89826	CMAQ:Federal, CMAQ:State Match	\$6,486,222	31.6%	Transfer of funds from balance entry line item recommended by District and MPO to fund scheduled projects.
5	Hampton Roads	Primary	Upgrade signal, add pavement markings, and pedestrian access	97010	Hampton Roads, Salem	Primary, Secondary	WIDEN TODD'S LN - ADDITION RIGHT TURN LANE LEFT TURN BIG BETHEL	83454	Highway Safety Improvements:Federal, Highway	\$139,336	22.9%	Transfer of surplus funds recommended by District and Traffic Engineering Division to fund scheduled projects.
6	Hampton Roads	Public Transportation	Coliseum Central Transit Shuttle	4241	Hampton Roads	Urban	WIDEN TODD'S LN - ADDITION RIGHT TURN LANE LEFT TURN BIG BETHEL	83454	CMAQ:Federal, CMAQ:State Match	\$1,352,867	100.0%	Transfer of funds from cancelled project recommended by District and MPO to fund underway project.
7	Northern Virginia	Interstate	WESTBOUND ACCEL/DECEL LANE FROM GEO MASON DR TO SYCAMORE ST	78826; 78828	Northern Virginia	Interstate	RTe L-66 Spot Improvement 3; WESTBOUND ACCEL/DECEL LN FROM WESTMORELAND ST TO HAYCOCK RD	78827	Interstate:Federal, Interstate:State Match, SAFETEA-LU Earmark:Federal, SAFETEA-LU Earmark:State Bond Match;	\$2,985,678	15.0%	Transfer of funds recommended by District from Spot Improvements #1 and #2 to increase funds on Spot Improvement #3 for preliminary engineering phase.
8	Northern Virginia	Primary	Upgrade Existing Signal at Harry Byrd Hwy and Stalling Blvd	84859	Northern Virginia	Primary	Modify Right Turn Lane on Williamson Blvd. to Business 234	83000	Highway Safety Improvements:Federal, Highway Safety	\$77,517	25.8%	Transfer of surplus funds from completed project recommended by District and Traffic Engineering Division to fund scheduled project.
9	Northern Virginia	Secondary	Upgrade Existing Signal at Braddock Road and Queensberry Ave	84866	Northern Virginia	Secondary	Upgrade Existing Traffic Signal, Wiehle Av & Center Harbor Rd	89283	Highway Safety Improvements:Federal, Highway	\$91,137	30.4%	Transfer of surplus funds from completed project recommended by District and Traffic Engineering Division to fund scheduled project.
10	Northern Virginia	Secondary	SR 643_SSR 6493 signal upgrade to improve visibility & safety	97673	Northern Virginia	Primary	Modify Right Turn Lane on Williamson Blvd. to Business 234; Rebuild Upgrad Existing Traf Signal @ SR 7 & Palisades/Ridgeway	93000; 100700	Highway Safety Improvements:Federal, Highway	\$72,594	25.5%	Transfer of surplus funds from completed project recommended by District and Traffic Engineering Division to fund scheduled and new projects.
11	Richmond	Miscellaneous	Colonial Heights - Cameron at Washington - SRTS Project II	83211	Richmond	Urban	SRTS Project - Install sidewalk at CH Middle School	87317	Safe Routes to School:Federal	\$90,000	76.8%	Transfer of surplus funds recommended by District and Transportation Mobility Planning Division to fund scheduled project.
12	Richmond	Primary	RTe 5 - VIRGINIA CAPITAL TRAIL - SPANLES CITY COURTHOUSE	71810	Hampton Roads	Primary	RTe 5 - GREENSPRINGS TRAIL	54759	Open Container Funds:Statewide	\$638,975	11.1%	Transfer of surplus funds recommended by District and Traffic Engineering Division from a completed project to financially close out a project.
13	Richmond	Primary	RTe 5 - Virginia Capital Trail - New Market	86279	Richmond	Primary	RTe 5 - VIRGINIA CAPITAL TRAIL - NEW MARKET HEIGHTS PHASE	102793	Open Container Funds:Statewide	\$2,531,142	61.6%	Transfer of surplus funds recommended by District and Traffic Engineering Division to fund increase on underway project.
14	Richmond	Primary	RTe 5 - Virginia Capital Trail - Chiles CBK Courthouse	81831	Richmond	Primary	RTe 5 - Virginia Capital Trail - New Market Heights Phase	86279; 86280; 102793	Open Container Funds:Statewide	\$3,077,857	86.7%	Transfer of surplus funds recommended by District and Traffic Engineering Division to fund increase on underway project.
15	Richmond	Secondary	IMPROVE ALIGNMENT OC	56844	Richmond	Primary	Virginia Capital Trail - Richmond East	88429	Open Container Funds:Statewide	\$463,329	94.6%	Transfer of funds from cancelled project recommended by District and Traffic Engineering Division to fund increase on a deferred project to continue funding a scheduled project.
16	Richmond	Urban	Construct Roundabout at Broad Rock and B&B Blvd	96727	Richmond	Urban	RTe 80 - RECONSTRUCTION	15834	Highway Safety Improvements:Federal, Highway	\$773,000	100.0%	Transfer of funds from cancelled project recommended by District and Traffic Engineering Division to fund underway project.
17	Richmond	Urban	Construct Roundabout at Midonian and Roanoke Street	96728	Richmond	Urban	RTe 80 - RECONSTRUCTION; Upgrade Existing Signal at Grace and Henry Street	15834; 96710	Highway Safety Improvements:Federal, Highway	\$672,136	80.0%	Transfer of funds from inactive project recommended by District and Traffic Engineering Division to fund scheduled projects.
18	Salem	Primary	Constr Paved Shoulders	83464	Salem	Primary	Constr Paved Shoulders and Upgrade Edgt Guardrail on US 220	83467	National Highway System Allocation:Federal, Non-Federal:State Match	\$97,916	18.4%	Transfer of surplus funds on completed project recommended by District to fund a scheduled project.
19	Salem	Secondary	RTe 685 - Constr. Paved Shoulders and Install Guardrail	83463	District-wide	Miscellaneous	STATEWIDE STP SAFETY/RES BALANCE ENTRY	70700	Highway Safety Improvements:Federal, Highway	\$65,468	14.9%	Transfer to the balance entry recommended by District and Traffic Engineering Division to financially close out a completed project.
20	Staunton	Urban	WIDE MULTIPLE-TRAIL FACILITY	81348	Staunton	Urban	East Market Street Sidewalks - Phase 3; Construct 5' sidewalk along East Market Street	83358; 100545	Highway Safety Improvements:Federal, Highway	\$72,307	39.2%	Transfer recommended by District and Traffic Engineering Division from a completed project to continue funding on scheduled projects.
21	Statewide	Miscellaneous	WY OPEN CONTAINER BALANCE ENTRY	70701	Statewide, Richmond	Interstate	Statewide installation of Reference Location Signs (RLS); UPGRADEREPLACE SIGNS ON I-295	102932; 102934; 102935	Open Container Funds:Statewide	#####	79.9%	Transfer of funds from balance entry line item recommended by District and Traffic Engineering Division to fund new projects.

CTB Monthly Transaction Report  
March 2012

Row	District Donor Project	System Donor Project	Description Donor Project	Donor UPC	District Recipient Project	System Recipient Project	Description Recipient Project	Recipient UPC	Fund Type	Amount of Transfer from Donor UPC	% of Change	Reason for Transfer
Transfers Less Than 10%												
A	Culpeper	Primary	Bridge Replacement Rte 15 over Rappahannock River	95112	Culpeper	Secondary	RTE 620 - BRIDGE REPLACEMENT	17059	Bridge Replacement/Federal; Soft Match; Federal	\$125,000	3.6%	Transfer of available funds recommended by District to fund construction phase increase on underway project.
B	Hampton Roads	Primary	RTE 5 - VIRGINIA CAPITAL TRAIL - EASTERN SECTION	55051	Richmond	Primary	RTE 5 - VIRGINIA CAPITAL TRAIL - VARINA PHASE	86280	Open Container Funds; Biker/Ped	\$440,276	8.7%	Transfer of surplus funds from completed project recommended by District and Traffic Engineering Division to fund scheduled project.
C	Salem	Interstate	RTE 87 - PROJECT DEVELOPMENT & MANAGEMENT	68718	Salem	Interstate	Pavement Resurfacing and Drainage Improvements on I-81	93482	Interstate; Federal; Interstate; State Match	\$25,019	3.4%	Transfer of surplus funds from completed project recommended by District to fund scheduled project.
D	Salem	Interstate	RTE 77 - INSTALL RUMBLE STRIPS	90322	Salem	Interstate	Pavement Resurfacing and Drainage Improvements on I-81	93462	Interstate; Federal; Interstate; State Match	\$476,215	6.6%	Transfer of surplus funds from completed project recommended by District to fund scheduled project.
E	Statewide	Miscellaneous	STATEWIDE STP SAFETY/RAIL BALANCE ENTRY	70700	Hampton Roads; Richmond; Northern Virginia; Lynchburg	Primary; Secondary	HRRR Intersection Related Warning; Lanford Hwy; HRRR Pedestrian Crosswalk for Lanford Hwy; HRRR Intersection Related Warning; Lanford Hwy; HRRR Signal Upgrade Lanford Hwy; RTE 668 - IMPROVE CURVE, Construct Street Light Pole to existing County Club Dr; Upgrade Traffic Signal on Bus 29 and Playhouse Ave	85411; 85419; 85420; 85417; 100652; 100652	High Risk Rural; Federal; High Risk Rural; State Match; Highway Safety Improvements; Federal; Highway Safety Improvements; State Match;	\$648,470	0.5%	Transfer of funds from balance entry line item recommended by District and Traffic Engineering Division to fund scheduled projects.
F	Statewide	Miscellaneous	STATEWIDE STP SAFETY/RAIL BALANCE ENTRY	70704	Richmond; Staunton	Urban	Balls Rd - Interconnect RR signals with Hwy Signals; Factory St - Upgrade Fishing Lights and Add Gates	89551	Rail Highway Crossings; Federal	\$31,279	0.1%	Transfer of funds from balance entry line item recommended by District and Traffic Engineering Division to fund scheduled project.



# COMMONWEALTH of VIRGINIA

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*Agenda item # 5*

### RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

April 18, 2012

#### MOTION

**Made By:      Seconded By:      Action:**

**Title: Authorization to Enter into a Memorandum of Understanding among Virginia Department of Transportation (VDOT), Maryland State Highway Administration (SHA), and West Virginia DOT (West Virginia), to perform a traffic operations/engineering feasibility study, for the purpose of improving the operational efficiency and safety of the US 340 National Highway System Corridor between West Washington Street in Harpers Ferry West Virginia and MD 67 (Rohersville Road) in Weverton, Maryland.**

**WHEREAS**, the US 340 National Highway System Corridor serves as a trade and commerce highway route between Maryland, Virginia, and eastern West Virginia; and

**WHEREAS**, the Virginia Department of Transportation (VDOT), Maryland State Highway Administration (SHA) and West Virginia Department of Transportation, Division of Highways (West Virginia) are interested in coordinating a three state partnership to perform a traffic operations/engineering feasibility study, hereinafter referred to as the "STUDY", for the purpose of improving the operational efficiency and safety of the US 340 National Highway System Corridor between West Washington Street in Harpers Ferry West Virginia and MD 67 (Rohersville Road) in Weverton, Maryland; and

**WHEREAS**, VDOT, SHA and West Virginia have determined that the lead agency for the scoping, preliminary alternatives and preparation of the required documents for the STUDY shall be West Virginia, and that the STUDY shall consist of reviewing operational improvement alternatives including a detailed review of potential improvements at the US 340/VA-671 intersection; and

**WHEREAS**, West Virginia shall select and contract with a consulting firm for the performance of this work, in accordance with the laws of the State of West Virginia and applicable federal requirements, and West Virginia shall be responsible for all the associated costs of the study, including reimbursing VDOT on **STUDY** related expense;

**WHEREAS**, VDOT, SHA and West Virginia shall cooperatively develop a scope of work and schedule for the **STUDY** and study area; and

**WHEREAS**, West Virginia agrees to maintain records in accordance with normal business practice relating to work under this Memorandum of Understanding, and SHA and VDOT shall have the right to inspect such records to verify invoice amounts and compliance with federal procurement policies and regulations, and that all work and procedures in general shall, at all times, conform to all federal and state laws, rules, regulations, policies and guidelines, including but not limited to, specifically the procedures and requirements relating to Labor Standards, Equal Opportunity, Americans with Disabilities Act and Non-discrimination; and

**WHEREAS**, VDOT, SHA and West Virginia jointly drafted a Memorandum of Understanding indicating the responsibilities of each party in executing the **STUDY**, a draft of which is attached hereto.

**NOW THEREFORE BE IT RESOLVED**, that pursuant to the §33.1-12 (10) of the *Code of Virginia*, the Commonwealth Transportation Board, by approval of this resolution, authorizes the Commissioner to enter into a Memorandum of Understanding and to execute any and all documents required to comply with this resolution, with such additions and changes as necessary, with SHA and West Virginia to allow for performance of a traffic operations and engineering feasibility study on the US 340 National Highway System Corridor between West Washington Street in Harpers Ferry West Virginia and MD 67 in Weverton, Maryland.

###

## CTB Decision Brief

### Entering into a Memorandum of Understanding with West Virginia and Maryland to Study the US 340 Corridor between Harpers Ferry, WV and Weverton, MD

**Issue:** The West Virginia Department of Transportation (WVDOT) has expressed an interest in funding a study of the US 340 corridor between Harpers Ferry, WV and Weverton, MD. A portion of US 340 enters into the northern-most tip of Loudoun County for approximately 0.6 miles. This portion of the corridor intersects with VA 671 at a signalized intersection. The corridor regularly experiences traffic congestion during the morning and evening peak periods, resulting in queuing along US 340 into West Virginia and Maryland. WVDOT has asked that the Virginia Department of Transportation (VDOT) and the Maryland State Highway Administration (SHA) participate in the study.

**Facts:** Under §33.1-12 (10) of the Code of Virginia, the CTB is authorized to enter into all contracts with other states necessary for the proper coordination of the location, construction, maintenance, improvement, and operation of transportation systems, including the systems of state highways with the highways of such other states.

The study will be completely funded by WVDOT, with no financial commitments from VDOT or SHA. The purpose of the study will be to identify issues within the corridor study area, establish a purpose and need for any necessary improvements, develop potential alternative solutions (with a focus on operational improvements requiring limited right of way) and to conduct public outreach on potential solutions. The desire is for all parties to arrive at a consensus on a selected alternative.

VDOT has alerted WVDOT to the current transportation funding situation in Virginia, and the relatively low priority of this corridor with both Loudoun County and the National Capital Region Transportation Planning Board. WVDOT has acknowledged this issue and has expressed a desire to continue forward with the study, indicating that WVDOT may consider assisting with the funding for any improvements that may eventually be identified within Virginia.

**Recommendations:** VDOT recommends that the CTB enter into the proposed memorandum of understanding with Maryland and West Virginia for VDOT to participate in the proposed study of the US 340 Corridor. There is no financial commitment required since the study is fully funded by West Virginia, and there is no requirement to commit to a preferred alternative if consensus among the three states cannot be reached. There is the potential that future improvements to the corridor within Virginia may be funded either fully or partially by West Virginia.

**Action Required by CTB:** The CTB will be presented with a resolution for a formal vote.

**Result, if Approved:** Approval of the resolution will allow VDOT to participate in a cooperative study of the US 340 Corridor, and will provide an opportunity for Virginia to help guide the outcome of the study. Any resulting recommendations supported by VDOT requiring CTB approval will be presented to the board for consideration at a future meeting.

**Options:** CTB action is required allow VDOT to participate in the corridor study.

**Public Comments/Reactions:** None.

**MEMORANDUM OF UNDERSTANDING**  
**US 340 NATIONAL HIGHWAY SYSTEM CORRIDOR**

**BY**

**AND**

**AMONG**

**THE WEST VIRGINIA DEPARTMENT OF TRANSPORTATION**  
**DIVISION OF HIGHWAYS**

**AND**

**THE MARYLAND DEPARTMENT OF TRANSPORTATION**  
**STATE HIGHWAY ADMINISTRATION**

**AND**

**THE VIRGINIA DEPARTMENT OF TRANSPORTATION**

**THIS MEMORANDUM OF UNDERSTANDING (MOU)**, executed in triplicate, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and among the Maryland Department of Transportation’s State Highway Administration acting on behalf of the State of Maryland, hereinafter called “**SHA**”, the Virginia Department of Transportation, hereinafter called “**VDOT**” and the West Virginia Department of Transportation, Division of Highways, hereinafter called “**West Virginia**.” When used collectively, **SHA, VDOT and West Virginia** will be referred to as the **PARTIES**.

**WITNESSTH:**

**WHEREAS**, the US 340 National Highway System Corridor serves as a trade and commerce highway route between Maryland, Virginia, and eastern West Virginia; and

**WHEREAS**, the Hagerstown Eastern Panhandle Long Range Transportation **PLAN**, identified the need for future improvements of the US 340 National Highway System Corridor, and

**WHEREAS**, the **PARTIES** intend to coordinate with one another to perform a traffic operations/engineering feasibility study, hereinafter called the “**STUDY**”, for the purpose of improving the operational efficiency and safety of the US 340 National Highway System Corridor between West Washington Street in Harpers Ferry West Virginia and MD 67 (Rohersville Road) in Weverton, Maryland, hereinafter called the “**STUDY AREA**”.

**NOW, THEREFORE**, in consideration of the foregoing, be it understood that the Parties do hereby agree as follows:

1. The **PARTIES** will jointly undertake the **STUDY**.
2. The **PARTIES** have determined that the lead agency for the scoping, preliminary alternatives and preparation of the required documents for the **STUDY** shall be **West Virginia**. The **STUDY** shall consist of reviewing operational improvement alternatives including a detailed review of potential improvements at the US 340 / VA-671 intersection.
3. **West Virginia** shall select and contract with a consulting firm, pursuant to all relevant procurement provisions, for the performance of this work, in accordance with the laws of the State of West Virginia and applicable federal requirements.
4. **West Virginia** shall be responsible for all associated costs of the **STUDY** that are authorized in advance or subsequently approved by West Virginia, including reimbursing VDOT and SHA on **STUDY** related expense.
5. Any Party may terminate this Memorandum of Understanding upon thirty (30) days’ written notice to the other Parties. In the event of termination by **West Virginia**, **West Virginia** shall be responsible for payment of all costs and expenses of VDOT and SHA that were incurred or unalterably obligated as of the effective date of termination and that

had been authorized or were subsequently approved by West Virginia.

6. The **PARTIES** shall develop a scope of work and schedule for the **STUDY** for the **STUDY AREA**.
7. The **PARTIES** agree to establish and develop a Preliminary Public Involvement Strategy, which may include, but not be limited to, rights-of-entry, non-impacted/impacted property owner notifications, public meetings and workshops, correspondence, requests for information and newsletters. **West Virginia** shall execute the public involvement plan and **SHA** and **VDOT** will contact any potentially impacted property owners within their respective States.
8. The **PARTIES** agree to coordinate all aerial photography and photogrammetry required for the **STUDY**, in addition to obtaining mapping data (in a scale to be established and agreed to by the **PARTIES**) for the purpose of conducting preliminary studies for compatibility.
9. The **STUDY** shall be developed in accordance with **SHA**, **VDOT** and/or **West Virginia** geometric standards and specifications where applicable and agreed to.
10. The **PARTIES**, at a minimum, shall promptly perform or cause to be performed all tasks necessary to reach agreement on the **STUDY** preferred improvements/project milestone. Tasks to be performed for the **STUDY** shall include but not be limited to, the following:
  - a. define purpose and need;
  - b. develop preliminary alternates;
  - c. develop socio-economic and natural environmental inventory;
  - d. perform preliminary engineering assessment;
  - e. prepare no-build and future no-build traffic projections within defined corridors;
  - f. conduct public involvement
  - g. select recommended improvements.

11. **WEST VIRGINIA** agrees to maintain records in accordance with normal business practice relating to work under this MOU, and **SHA** and **VDOT** shall have the right to inspect such records to verify invoice amounts and compliance with Federal procurement policies and regulations.
12. All work and procedures in general shall, at all times, conform to all Federal and State laws, rules, regulations, policies and guidelines, including but not limited to, specifically the procedures and requirements relating to Labor Standards, Equal Opportunity, Americans with Disabilities Act and Non-discrimination.
13. Upon completion of the **STUDY**, **West Virginia** shall provide **SHA** and **VDOT** each with seven (7) printed copies and an electronic copy of all documents, reports and/or data developed as a product of the **STUDY**.
14. The **PARTIES** agree that the compilation of all traffic related data shall, for the purpose of the **STUDY**, be coordinated by designated representatives of each party.
15. Each of the **PARTIES** hereby agrees and affirms that the person executing this MOU on its respective behalf is authorized and empowered to act on behalf of the respective party. Each of the **PARTIES** hereby further warrants and affirms that no cause of action challenging the existence, scope or validity of this MOU shall lie on the grounds that the person signing on behalf of each respective party was neither authorized or empowered to do so.

**IN WITNESS WHEREOF**, each party hereto has caused this MOU to be executed by its proper and duly authorized officer on the day and year first above written.

**ATTEST:**

**WEST VIRGINIA DEPARTMENT  
OF TRANSPORTATION,  
DIVISION OF HIGHWAYS**

\_\_\_\_\_  
**Title:** \_\_\_\_\_

\_\_\_\_\_  
**State Highway Engineer**

**ATTEST:**

**VIRGINIA DEPARTMENT  
OF TRANSPORTATION,**

\_\_\_\_\_  
**Title:** \_\_\_\_\_

\_\_\_\_\_  
**Transportation Commissioner**

**ATTEST:**

**MARYLAND STATE  
HIGHWAY ADMINISTRATION,**

\_\_\_\_\_  
**Title:** \_\_\_\_\_

\_\_\_\_\_  
**Administrator**      **Date:** \_\_\_\_\_

**APPROVAL AS TO FORM AND  
LEGAL SUFFICIENCY**

**RECOMMENDED FOR APPROVAL**

\_\_\_\_\_  
**Assistant Attorney General**

\_\_\_\_\_  
**Gregory D. Welker**  
**Deputy Administrator/Chief Engineer**  
**For Operations**

\_\_\_\_\_  
**Douglas H. Simmons**  
**Deputy Administrator/Chief Engineer**  
**For Planning, Engineering, Real Estate and**  
**Environment**

---

**Lisa B. Conners**  
**Director of Finance**

**(To be executed in triplicate)**

**Distribution: Consultant**  
**Legal Division**  
**Program Planning and**  
**Administration Division**



# COMMONWEALTH of VIRGINIA

## *Commonwealth Transportation Board*

Sean T. Connaughton  
Chairman

1401 East Broad Street  
Richmond, Virginia 23219

(804) 786-2701  
Fax: (804) 786-2940  
*Agenda item # 6*

### **RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD**

**April 18, 2012**

#### **MOTION**

**Made By:      Seconded By:      Action:**

### **AUTHORIZING THE ISSUANCE AND SALE OF COMMONWEALTH OF VIRGINIA TRANSPORTATION CAPITAL PROJECTS REVENUE BONDS, SERIES 2012**

**WHEREAS**, pursuant to the State Revenue Bond Act (the "State Revenue Bond Act"), Sections 33.1-267 *et seq.* of the Code of Virginia of 1950, as amended (the "Virginia Code"), the Commonwealth Transportation Board (the "Board") has the power to issue revenue bonds to finance the costs of transportation projects authorized by the General Assembly of Virginia (the "General Assembly"), including any financing costs or other financing expenses related to such bonds;

**WHEREAS**, pursuant to the Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia, 2007 Regular Session, as amended (the "Bond Act"), the Board is authorized, by and with the consent of the Governor, to issue, pursuant to the provisions of the State Revenue Bond Act, revenue obligations of the Commonwealth of Virginia (the "Commonwealth") to be designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series ....." (the "Chapter 896 Bonds") at one or more times in an aggregate principal amount not to exceed \$3,000,000,000, subject to certain annual limitations;

**WHEREAS**, pursuant to Item 459.H. of Chapter 781 of the Acts of the General Assembly of the Commonwealth of Virginia, 2009 Regular Session, as amended, and Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended (collectively, the "Appropriation Act" and, together with the Bond Act, the "Act"), the Board is authorized, by and with the consent of the Governor, to issue, pursuant to the State Revenue Bond Act, revenue obligations of the Commonwealth to be

designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series XXXX" (the "Appropriation Act Bonds" and, together with the Chapter 896 Bonds, the "Bonds") at one or more times in an aggregate principal amount not to exceed \$180,000,000, after all costs, with the net proceeds of the Appropriation Act Bonds to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of the General Assembly, 2007 Regular Session, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses;

**WHEREAS**, pursuant to the Act, the aggregate principal amount of Bonds that may be issued is \$3,180,000,000, consisting of \$3,000,000,000 in aggregate principal amount of Chapter 896 Bonds and \$180,000,000 in aggregate principal amount of Appropriation Act Bonds, and the Appropriation Act Bonds are not subject to the annual limitations to which the Chapter 896 Bonds are subject;

**WHEREAS**, Section 33.1-269 of the Virginia Code provides that the Bonds shall be secured, subject to their appropriation by the General Assembly, (i) by revenues deposited into the Priority Transportation Fund created under Section 33.1-23.03:8 of the Virginia Code (the "Priority Transportation Fund"), (ii) to the extent required, by revenues legally available from the Transportation Trust Fund, and (iii) to the extent required, by any other legally available funds;

**WHEREAS**, at its meeting on March 17, 2010, the Board adopted a resolution that authorized the issuance of the first series of Bonds (the "2010 Bonds"), and the 2010 Bonds were issued on May 26, 2010, pursuant to the Master Indenture of Trust (the "Master Indenture"), as supplemented by the First Supplemental Indenture of Trust (the "First Supplement"), each dated as of May 1, 2010, and each between the Board and Wells Fargo Bank, National Association, as trustee (the "Trustee");

**WHEREAS**, at its meeting on March 16, 2011, the Board adopted a resolution that authorized the issuance of the second series of Bonds (the "2011 Bonds"), and the 2011 Bonds were issued on May 25, 2011, pursuant to the Master Indenture dated as of May 1, 2010, as supplemented by the Second Supplemental Indenture of Trust (the "Second Supplement") dated as of May 1, 2011, and each between the Board and the Trustee;

**WHEREAS**, the Board wishes to authorize the issuance of one or more series of Bonds to be known as the "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds," with one or more series designations, as appropriate (the "2012 Bonds");

**WHEREAS**, the following documents that provide for the issuance and sale of the 2012 Bonds, which shall be filed with the records of the Board, have been prepared by bond counsel to the Board ("Bond Counsel") and the staff of the Virginia Department of Transportation (the

"Department") at the direction of the Board and have been presented at this meeting in substantially final form:

(1) a Third Supplemental Indenture of Trust (the "Third Supplement" and, together with the Master Indenture, the First Supplement and the Second Supplement, the "Indenture"), both between the Board and the Trustee, providing for the terms and structure of the 2012 Bonds;

(2) a Preliminary Official Statement of the Board relating to the offering for sale of the 2012 Bonds (the "Preliminary Official Statement"); and

(3) a Continuing Disclosure Agreement of the Board relating to the obligations of the Board to disclose certain information on an ongoing basis in connection with the 2012 Bonds (the "Continuing Disclosure Agreement").

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMONWEALTH TRANSPORTATION BOARD:**

**1. Authorization of the 2012 Bonds.** The Board determines that it is in the best interest of the Commonwealth and the Board for the Board (i) to enter into the Third Supplement to provide for the issuance of the 2012 Bonds, (ii) to issue the 2012 Bonds for the purposes authorized under and in accordance with the provisions of the Act and the Indenture, and (iii) to sell the 2012 Bonds. The aggregate principal amount of the 2012 Bonds shall not exceed \$600,000,000, the final maturity date of the 2012 Bonds shall not exceed 25 years from their date of issuance, and the aggregate true interest cost of the 2012 Bonds shall not exceed the maximum aggregate true interest cost approved by the Treasury Board, which is empowered pursuant to Section 2.2-2416(7) of the Virginia Code to approve the terms and structure of all proposed bond issues by state agencies, boards or authorities where debt service payments are expected by such agency, board or authority to be made, in whole or in part, directly or indirectly, from appropriations of the Commonwealth. The Board expects the debt service payments to be made from appropriations of the Commonwealth.

**2. Limited Obligations.** The 2012 Bonds shall be limited obligations of the Board and the Commonwealth, payable from and secured by a pledge of the Revenues (as defined in the Indenture) and amounts in certain funds established pursuant to the Indenture. Nothing in this Resolution or the 2012 Bonds shall be deemed to create or constitute a debt or a pledge of the faith and credit of the Commonwealth or any political subdivision thereof.

**3. Determination of Details of the 2012 Bonds.** The Board authorizes the Chairman of the Board, subject to the criteria set forth in paragraph 1 of this Resolution, to determine the details of the 2012 Bonds, including, without limitation, the aggregate principal amount, the maturity schedule, the interest rates, the redemption provisions, the

sale date, the sale price and the reoffering prices. In addition, the Board authorizes the Chairman to allocate portions of the 2012 Bonds to the authorizations provided by the Bond Act and the Appropriations Act, respectively, in accordance with the actual or projected application of the proceeds of the 2012 Bonds as he shall deem to be in the best interests of the Board, the Department and the Commonwealth; provided, however, that the aggregate principal amount of the 2012 Bonds, the 2011 Bonds and the 2010 Bonds to be allocated to the Appropriations Act authorization shall not exceed \$180,000,000.

**4. Sale of the 2012 Bonds.** The Chairman is authorized to sell the 2012 Bonds pursuant to a competitive sale and to prepare, publish and distribute a Notice of Sale in connection therewith (the "Notice of Sale"), provided that the Notice of Sale may not be published or distributed prior to the approval of the 2012 Bonds by resolution of the Treasury Board. Alternatively, if determined by the Chairman to be in the best interest of the Commonwealth, the Board authorizes the Chairman to solicit and consider proposals for a negotiated sale of the 2012 Bonds and to negotiate the terms of such sale. The Chairman is authorized to execute and deliver a purchase contract or an agreement reflecting such proposal, provided that no such purchase contract or agreement may be executed prior to approval of the terms and structure of the 2012 Bonds by resolution of the Treasury Board.

**5. Preliminary Official Statement.** The Board approves the Preliminary Official Statement in the substantially final form presented at this meeting. The Board authorizes and directs the Chairman, in collaboration with the staff of the Department and the Board's financial advisor (the "Financial Advisor"), to prepare the final form of the Preliminary Official Statement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2012 Bonds, as the Chairman may approve. The Board authorizes the Chairman to deem the Preliminary Official Statement to be final for purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule") and to approve the distribution thereof, provided that the Preliminary Official Statement may not be distributed prior to approval of the terms and structure of the 2012 Bonds by resolution of the Treasury Board.

**6. Official Statement.** The Board authorizes and directs the Chairman, in collaboration with Bond Counsel, Department staff and Financial Advisor, to complete the Preliminary Official Statement as an official statement in final form (the "Official Statement") in order to reflect the provisions of the winning bid or the executed purchase contract, as appropriate, for the purchase and sale of the 2012 Bonds. The Board authorizes and directs the Chairman to execute the Official Statement, which execution shall constitute conclusive evidence of the approval of the Official Statement by the Chairman on behalf of the Board and that it has been deemed final within the meaning of the Rule. The Board authorizes and directs Department staff to arrange for delivery to the winning bidders or underwriters, as appropriate, within seven business days after the date thereof, a sufficient number of copies of the Official Statement for the winning

bidders or underwriters to distribute to each potential investor requesting a copy and to each person to whom the winning bidders or underwriters initially sell the 2012 Bonds. The Board authorizes and approves the distribution by the winning bidders or underwriters of the Official Statement as executed by the Chairman.

**7. Financing Documents.** The Board approves the Third Supplement in its substantially final form presented at this meeting. The Board authorizes and directs the Chairman to prepare, execute, and deliver the final form of the Third Supplement with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2012 Bonds, including without limitation changes to the dated dates thereof, as the Chairman may approve. Execution and delivery of the Third Supplement shall constitute conclusive evidence of the approval of such documents by the Chairman on behalf of the Board.

**8. Execution and Delivery of the 2012 Bonds.** The Board authorizes and directs the Chairman and the Secretary of the Board (the "Secretary") to have the 2012 Bonds prepared and to execute the 2012 Bonds in accordance with the Indenture, to deliver the 2012 Bonds to the Trustee for authentication, and to cause the 2012 Bonds so executed and authenticated to be delivered to or for the account of the winning bidders or underwriters upon payment of the purchase price of the 2012 Bonds, all in accordance with the Notice of Sale or executed purchase contract, as appropriate. Execution and delivery by the Chairman and the Secretary of the 2012 Bonds shall constitute conclusive evidence of the approval of the 2012 Bonds by the Chairman and the Secretary on behalf of the Board.

**9. Continuing Disclosure.** The Board approves the Continuing Disclosure Agreement in the substantially final form presented at this meeting. The Board covenants to undertake ongoing disclosure and to provide "annual financial information" and "material event notices" for the benefit of holders of the 2012 Bonds and to assist the winning bidders or the underwriters, as appropriate, in complying with the Rule, all in accordance with the Continuing Disclosure Agreement. The Board authorizes and directs the Chairman to prepare, execute, and deliver the final form of the Continuing Disclosure Agreement, with such completions, omissions, insertions, and changes as are necessary or desirable to effect the issuance and sale of the 2012 Bonds, as the Chairman may approve. The Chief Financial Officer of the Department is designated as the Dissemination Agent under the Continuing Disclosure Agreement. Execution and delivery by the Chairman of the Continuing Disclosure Agreement shall constitute conclusive evidence of the approval of the Continuing Disclosure Agreement by the Chairman on behalf of the Board.

**10. Authorization of Further Action.** The Board authorizes Department staff (i) to request the Treasury Board to approve the terms and structure of the 2012 Bonds in accordance with Section 2.2-2416(7) of the Virginia Code and the Act, (ii) to request the Governor of the Commonwealth to approve the issuance of the 2012 Bonds in

accordance with the Act, (iii) if determined by Department staff to be cost beneficial, to procure and negotiate a contract with a credit facility provider to issue a credit facility with respect to some or all of the 2012 Bonds and to execute such contract, together with any other documents related to such credit facility, and (iv) to collaborate with the staff of the Department of the Treasury of the Commonwealth or the State Treasurer to procure and to negotiate investments and investment contracts for any of the proceeds of the 2012 Bonds and amounts in the Revenue Stabilization Fund (as defined in the Indenture). The Board further authorizes the Chairman to execute and deliver all documents and certificates and to take all such further action as he may consider necessary or desirable in connection with the issuance and sale of the 2012 Bonds, including, without limitation, execution and delivery of (a) an amendment to the Payment Agreement dated as of May 1, 2010, between the Board, the Treasury Board, and the Secretary of Finance of the Commonwealth, if necessary, to provide for the issuance and payment of debt service of the 2012 Bonds and the application of the Revenue Stabilization Fund, and (b) a document (i) setting forth the expected use and investment of the proceeds of the 2012 Bonds to show that such expected use and investment will not violate the provisions of Section 148 of the Tax Code, and the Treasury Regulations promulgated thereunder and applicable to "arbitrage bonds" (as defined in the Tax Code) and (ii) providing for the rebate of any "arbitrage rebate amounts" (as defined in the Tax Code) earned on the investment of the proceeds of the 2012 Bonds to the United States. The Chairman is further authorized to make on behalf of the Board such elections under the Tax Code and the applicable Treasury Regulations with respect to the 2012 Bonds as the Chairman may deem to be in the best interests of the Commonwealth and the Board, in consultation with Bond Counsel and the Financial Advisor.

**11. Authorizations and Directions to Certain Officers.** Any authorization or direction to the Chairman or to the Secretary under this Resolution shall also be deemed to be an authorization or a direction to the Vice-Chairman or to an Assistant Secretary, respectively, the Commonwealth Transportation Commissioner, and any officer or employee of the Board or the Department designated for such purpose by the Chairman or the Secretary.

**12. Effective Date.** This Resolution shall be effective immediately.

###

**THIRD SUPPLEMENTAL INDENTURE OF TRUST**

**between**

**COMMONWEALTH TRANSPORTATION BOARD**

**and**

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**

**as Trustee**

**Dated as of June \_\_, 2012**

---

**Relating to**

**\$ \_\_\_\_\_**

**Commonwealth of Virginia  
Transportation Capital Projects Revenue Bonds,  
Series 2012**

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Exhibit A – Form of 2012 Bond

### **THIRD SUPPLEMENTAL INDENTURE OF TRUST**

This **THIRD SUPPLEMENTAL INDENTURE OF TRUST** (this "Third Supplemental Indenture") is made as of June \_\_, 2012, between the **COMMONWEALTH TRANSPORTATION BOARD**, created and existing under the laws of the Commonwealth of Virginia (the "Board"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, and its successors, as trustee (the "Trustee").

#### **RECITALS**

**WHEREAS**, the Board has executed and delivered to the Trustee a Master Indenture of Trust, dated as of May 1, 2010 (the "Master Indenture"), under which, among other things, the Board has provided for (i) the issuance from time to time of Bonds to finance or refinance the Costs of any Project (as such terms are defined in the Master Indenture) and for such other purposes as may be authorized under and pursuant to the Act and (ii) the security for and sources of payment of the debt service on such Bonds; and

**WHEREAS**, the Board now desires to issue, sell, and deliver a Series of Bonds under the Master Indenture in the aggregate principal amount of \$ \_\_\_\_\_ (the "2012 Bonds"); and

**WHEREAS**, the Board will use the proceeds of the 2012 Bonds to pay the issuance costs of the 2012 Bonds and to pay the Costs of the Projects; and

**WHEREAS**, the Master Indenture provides that, as a condition to the issuance and authentication of any Series of Bonds, the Board shall deliver to the Trustee a Supplemental Indenture; and

**WHEREAS**, a certificate of the Board prepared in accordance with Section 5.3(e) of the Master Indenture has been delivered to the Trustee; and

**WHEREAS**, all things necessary to make the 2012 Bonds valid and binding limited obligations of the Board, when authenticated and issued as provided in this Third Supplemental Indenture, and to constitute this Third Supplemental Indenture a valid and binding agreement securing the payment of the principal of and premium, if any, and interest on the 2012 Bonds, have been done and performed; and

**NOW, THEREFORE**, the Board hereby covenants and agrees with the Trustee and with the Owners from time to time of the 2012 Bonds as follows:

#### **ARTICLE I THIRD SUPPLEMENTAL INDENTURE**

**Section 1.1 Third Supplemental Indenture**. This Third Supplemental Indenture is authorized and executed by the Board and delivered to the Trustee pursuant to and in accordance with the Bond Resolution (as defined herein) and Articles V and XII of the Master Indenture. All terms, covenants, conditions and agreements of the Master Indenture apply with full force and effect to the 2012 Bonds, except as otherwise provided in this Third Supplemental Indenture.

**Section 1.2 Definitions.** All capitalized words and terms used in this Third Supplemental Indenture have the meanings set forth in Article I of the Master Indenture. In addition, the following words and terms have the following meanings in this Third Supplemental Indenture unless the context clearly requires otherwise:

**"2012 Bonds"** means the Series of Bonds authorized to be issued under Section 2.1 hereof.

**"2012 Cost of Issuance Fund"** means the Cost of Issuance Fund Related to the 2012 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.2 of this Third Supplemental Indenture.

**"2012 Rebate Fund"** means the Rebate Fund Related to the 2012 Bonds established pursuant to Section 7.1 of the Master Indenture and Section 4.2 of this Third Supplemental Indenture.

**"2012 Tax Compliance Agreement"** means the Series 2012 Bonds Tax Certificate and Regulatory Agreement dated the Closing Date made by the Board for the benefit of the Trustee and the Owners of the 2012 Bonds.

**"Bond Resolution"** means the resolution adopted by the Board on April 18, 2012, and entitled "Resolution of the Commonwealth Transportation Board Authorizing the Issuance and Sale of Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012 Bonds."

**"Closing Date"** means the date of the issuance and delivery of the 2012 Bonds.

**"Dated Date"** means the Closing Date.

**"DTC"** shall have the meaning set forth in Section 2.3 hereof.

**"Letter of Representations"** means the Board's Blanket Letter of Representations to DTC.

**"Master Indenture"** means the Master Indenture of Trust dated as of May 1, 2010, between the Board and the Trustee, as the same may be modified, altered, amended and supplemented from time to time in accordance with its terms.

**"Rebate Requirement"** means, collectively, the requirements applicable to tax-exempt bonds under Section 148(f)(2) and (3) of the Tax Code.

**"Revenue Stabilization Fund"** means the Revenue Stabilization Fund established pursuant to Section 7.9 of the Master Indenture and Section 4.1 of the Second Supplemental Indenture.

**"Second Supplemental Indenture"** means the Second Supplemental Indenture of Trust, dated as of May 1, 2011, between the Board and the Trustee, as it may be modified, altered,

amended or supplemented from time to time in accordance with the provisions therein and of the Master Indenture.

**"Third Supplemental Indenture"** means this Third Supplemental Indenture of Trust, dated as of June \_\_, 2012, between the Board and the Trustee, as it may be modified, altered, amended or supplemented from time to time in accordance with the provisions herein and of the Master Indenture.

**Section 1.3 Representations of the Board.** The Board represents that (i) it is duly authorized under the Constitution and laws of the Commonwealth, including particularly and without limitation the Act, to issue the 2012 Bonds, to execute this Third Supplemental Indenture, and to pledge and grant a security interest in the Revenues, the Bond Debt Service Fund, and the Project Fund as security for the 2012 Bonds in the manner and to the extent set forth in the Master Indenture and this Third Supplemental Indenture, (ii) all action on its part necessary for the execution and delivery of this Third Supplemental Indenture has been taken, and (iii) the 2012 Bonds in the hands of the Owners thereof are and will be valid and enforceable limited obligations of the Board.

**ARTICLE II  
AUTHORIZATION AND DETAILS OF 2012 BONDS**

**Section 2.1 Authorization of 2012 Bonds.** (a) There is authorized to be issued pursuant to the Master Indenture a Series of Bonds of the Board in the aggregate principal amount of \$\_\_\_\_\_ to be called the "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012." The proceeds of the 2012 Bonds shall be used for the purposes set forth in the recitals, including paying the Costs of the Projects.

**Section 2.2 Details of 2012 Bonds.** (a) The 2012 Bonds shall be dated the Dated Date, shall be issued in denominations of \$5,000 and integral multiples of \$5,000, shall be numbered from R-1 upwards, sequentially, and shall bear interest, payable on each May 15 and November 15, commencing on November 15, 2012, at the rates set forth below and shall mature on May 15 in the years and in the amounts set forth below:

Year	Principal Amount	Interest Rate
2013	\$_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____

2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____

(b) The 2012 Bonds shall bear interest (i) from the Dated Date, if such 2012 Bond is authenticated before November 15, 2012, or (ii) otherwise from the Interest Payment Date that is, or immediately precedes, the date on which such 2012 Bond is authenticated; provided, however, that if at the time of authentication any payment of interest is in default, such 2012 Bond shall bear interest from the date to which interest has been paid. Interest on the 2012 Bonds shall be computed on the basis of a year of 360 days and twelve 30-day months.

(c) Interest on the 2012 Bonds shall be payable by checks or drafts mailed to the Owners thereof at their addresses as they appear on the fifteenth day of the month preceding the Interest Payment Date on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of a 2012 Bond owns at least \$1,000,000 in aggregate principal amount of 2012 Bonds and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Principal of and premium, if any, on the 2012 Bonds shall be payable to the Owners thereof upon the surrender of the 2012 Bonds at the Trustee's corporate trust office in Columbia, Maryland.

(d) Notwithstanding the foregoing, for so long as Cede & Co. or other nominee of DTC is Owner of all of the 2012 Bonds, principal of and premium, if any, and interest on the 2012 Bonds shall be payable as provided in the Letter of Representations.

(e) The principal of and premium, if any, and interest on the 2012 Bonds shall be payable in lawful money of the United States of America.

(f) If the principal of any 2012 Bond is not paid when due (whether at maturity, by mandatory sinking fund redemption or call for redemption or otherwise), then the overdue principal shall continue to bear interest until paid at the rate set forth in the 2012 Bond.

**Section 2.3 Book Entry Provisions for the 2012 Bonds.** (a) The 2012 Bonds will be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), and immobilized in DTC's custody. One fully registered Bond for the original principal amount of each maturity of each Series will be registered to Cede & Co. Beneficial owners of the 2012 Bonds will not receive physical delivery of the 2012 Bonds. Individual purchases of the 2012 Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000. For as long as the 2012 Bonds are held in book-entry format, payments of principal of and premium, if any, and interest on the 2012 Bonds will be made to DTC or its nominee as the sole Owner on the applicable Payment Date in accordance with the Letter of Representations.

DTC is responsible for the transfer of the payments of the principal of and premium, if any, and interest on the 2012 Bonds to the participants of DTC, which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations (the "Participants"). Transfer of the payments of the principal of and premium, if any, and interest on the 2012 Bonds to the beneficial owners of the 2012 Bonds is the responsibility of the Participants and other nominees of such beneficial owners.

Transfer of beneficial ownership interests in the 2012 Bonds shall be made by DTC and its Participants, acting as nominees of the beneficial owners of the 2012 Bonds, in accordance with rules specified by DTC and its Participants. Neither the Board nor the Trustee makes any assurances that DTC, its Participants or other nominees of the beneficial owners of the 2012 Bonds will act in accordance with such rules or on a timely basis.

**The Board and the Trustee disclaim any responsibility or obligations to the Participants or the beneficial owners with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount due to any beneficial owner in respect of the principal of and premium, if any, and interest on the 2012 Bonds, (iii) the delivery by DTC or any Participant of any notice to any beneficial owner that is required or permitted under the terms of the Master Indenture or this Third Supplemental Indenture to be given to Owners of the 2012 Bonds, (iv) the selection of the beneficial owners to receive payment in any partial redemption of the 2012 Bonds, or (v) any consent given or other action taken by DTC as Owner.**

**So long as Cede & Co., as nominee of DTC, is the sole Owner of the 2012 Bonds, references in the Master Indenture or this Third Supplemental Indenture to the Owners or registered owners of the 2012 Bonds shall mean Cede & Co. and not the beneficial owners of the 2012 Bonds. Any notice to or consent requested of Owners of 2012 Bonds under the Master Indenture or this Third Supplemental Indenture shall be given to or requested of Cede & Co.**

(b) Replacement Bonds (the "Replacement Bonds") will be registered in the name of and be issued directly to beneficial owners of the 2012 Bonds rather than to DTC, or its nominee, but only if:

(1) DTC determines not to continue to act as securities depository for the 2012 Bonds; or

(2) The Trustee or the Board has advised DTC of the Board's determination that DTC is incapable of discharging its duties or that it is otherwise in the best interests of the beneficial owners of the 2012 Bonds to discontinue the book-entry system of transfer.

(c) Upon the occurrence of an event described in subsection (b)(1) or (2) above (and the Trustee and the Board undertake no obligation to make any investigation regarding the matters described in subsection (b)(2) above), the Board may attempt to locate another qualified securities depository. If the Board fails to locate another qualified securities depository to replace DTC, the Board shall execute and the Trustee shall authenticate and deliver to the Participants the Replacement Bonds (substantially in the form set forth in Exhibit A with such appropriate variations, omissions and insertions as are permitted or required by the Master Indenture or this Third Supplemental Indenture) to which the Participants are entitled for delivery to the beneficial owners of the 2012 Bonds. The Trustee shall be entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds. The Owners of the Replacement Bonds shall be entitled to the lien and benefits of the Master Indenture and this Third Supplemental Indenture.

**Section 2.4 Form of 2012 Bonds.** Each of the 2012 Bonds shall be substantially in the form attached as Exhibit A to this Third Supplemental Indenture, with such appropriate variations, omissions and insertions as permitted or required by the Master Indenture or this Third Supplemental Indenture. There may be endorsed on any of the 2012 Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

**Section 2.5 Authentication of 2012 Bonds.** Each 2012 Bond shall bear a certificate of authentication, substantially as set forth in the applicable form of the 2012 Bond attached as an exhibit, duly executed by the Trustee. The Trustee shall authenticate each 2012 Bond with the signature of one of its authorized officers or employees, but it shall not be necessary for the same person to authenticate all of the 2012 Bonds. Only such authenticated 2012 Bonds shall be entitled to any right or benefit under the Master Indenture or this Third Supplemental Indenture, and such certificate on any 2012 Bond shall be conclusive evidence that the 2012 Bond has been duly issued under and is secured by the provisions of the Master Indenture and this Third Supplemental Indenture.

### **ARTICLE III REDEMPTION OF 2012 BONDS**

**Section 3.1 Optional Redemption.** (a) The Board may call the 2012 Bonds for optional redemption only as provided in this section.

(b) The 2012 Bonds maturing on or before May 15, 2022, shall not be subject to redemption at the Board's option before their respective maturity dates.

(c) The 2012 Bonds maturing on or after May 15, 2023, may be redeemed prior to their respective maturities, at the option of the Board, from any moneys that may be made available for such purpose, either in whole or in part (in \$5,000 increments), on any date

and in such order as the Board may determine on and after May 15, 2022, at 100% of the principal amount to be redeemed together with the interest accrued on the principal amount to be redeemed to the date fixed for redemption.

**Section 3.2 Selection of 2012 Bonds for Redemption.** If less than all of the 2012 Bonds are called for optional redemption, the maturities of the 2012 Bonds to be redeemed will be called in such order as the Board may determine.

**Section 3.3 Notice of Redemption.** (a) When (i) required to redeem 2012 Bonds under any provision of the Master Indenture or this Third Supplemental Indenture or (ii) directed to do so by a Board Representative in writing at least forty-five (45) days before the date fixed for redemption, the Trustee shall cause notice of the redemption to be mailed by certified or registered mail, not less than thirty (30) nor more than sixty (60) days before the redemption date, to all Owners of 2012 Bonds to be redeemed at their addresses as they appear on the registration books maintained by the Trustee; provided, however, that the failure to mail any such notice or any defect in the mailing to any one or more of the Owners shall not affect the validity of the redemption with respect to any Owners to whom such notice was properly mailed.

(b) Any notice of redemption may state that it is conditioned upon there being available on the redemption date an amount of money sufficient to pay the redemption price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the redemption price of any such condition so specified is not satisfied.

(c) Any notice of redemption mailed in the manner specified above shall be deemed to have been duly given when mailed by the Trustee.

(d) In preparing any notice of redemption, the Trustee shall take into account, to the extent it has knowledge and is applicable, the prevailing tax-exempt securities industry standards and any regulatory statement of any federal or state administrative body having jurisdiction over the Board or the tax-exempt securities industry, including without limitation, Release No. 34-23856 of the Securities and Exchange Commission, or any subsequent amending or superseding release.

(e) Any notices given to DTC under this Section shall be given at the times and in the manner set forth in the Letter of Representations.

**Section 3.4 Payment of Redemption Price.** (a) On or before the date fixed for redemption, funds shall be deposited with the Trustee to pay the redemption price of the 2012 Bonds called for redemption. Provided funds for their redemption are on deposit at the place of payment on the redemption date and the required notice shall have been given, the 2012 Bonds called for redemption shall cease to bear interest from and after the redemption date, shall no longer be entitled to the benefits provided by the Master Indenture and this Third Supplemental Indenture and shall not be deemed to be Outstanding under the provisions of the Master Indenture and this Third Supplemental Indenture.

(b) The Trustee shall ensure that CUSIP number identification accompanies all redemption payments on the 2012 Bonds.

**ARTICLE IV  
ESTABLISHMENT OF FUNDS; APPLICATION  
OF SALE PROCEEDS**

**Section 4.1 Reserved.**

**Section 4.2 Establishment of Funds for the 2012 Bonds.** (a) In accordance with Section 7.1 of the Master Indenture, the 2012 Cost of Issuance Fund and the 2012 Rebate Fund are hereby established for the 2012 Bonds.

(b) The 2012 Rebate Fund shall be held by the Trustee. The 2012 Cost of Issuance Fund shall be held by the Board or on behalf of the Board by the Trustee.

**Section 4.3 Application of Sale Proceeds of the 2012 Bonds.** On the Closing Date, the Trustee shall apply the total amount received from the underwriters for the 2012 Bonds in payment therefor (\$ \_\_\_\_\_) as follows:

(a) \$ \_\_\_\_\_ shall be deposited in the 2012 Cost of Issuance Fund;  
and

(b) \$ \_\_\_\_\_ shall be deposited in the Project Fund.

**Section 4.4 Application of Amounts Transferred from Priority Transportation Fund.** Pursuant to a direction to the Trustee set forth in an Officer's Certificate or a Supplemental Indenture, amounts may be transferred from the Priority Transportation Fund and deposited in the Revenue Stabilization Fund, at one time or from time to time.

**ARTICLE V  
APPLICATION OF CERTAIN FUNDS**

**Section 5.1 Revenue Stabilization Fund.** (a) The Board may at its option direct the Trustee to make transfers from the Revenue Stabilization Fund to the Bond Debt Service Fund by delivering to the Trustee an Officer's Certificate or a Supplemental Indenture. Such Officer's Certificate or Supplemental Indenture shall include or be accompanied by a certification by the Board Representative that the transfer or transfers to be effected thereby will not cause the Revenues then in the Priority Transportation Fund or reasonably anticipated to be deposited into the Priority Transportation Fund pursuant to the law then in effect to be insufficient to make 100% of the contractually required debt service payments on all bonds, obligations, or other evidences of debt that expressly require as a source for debt service payments or for the repayment of such bonds, obligations, or other evidences of debt the revenues of the Priority Transportation Fund, including any interest related thereto and the retirement of such bonds, obligations, or other evidences of debt. The Trustee shall make transfers from the Revenue Stabilization Fund to the Bond Debt Service Fund to pay the Principal and Interest Requirements of the Bonds in the amounts and on the dates as directed in the Officer's Certificate or the Supplemental Indenture.

(b) The Board may direct the Trustee to reduce or increase the balance in the Revenue Stabilization Fund to any amount, including zero, at any time, by delivering to the

Trustee an Officer's Certificate or a Supplemental Indenture as provided in subsection (a) of this Section. The amount of any reduction in the Revenue Stabilization Fund shall be transferred from the Revenue Stabilization Fund to the Bond Debt Service Fund, unless otherwise specified in the Officer's Certificate or the Supplemental Indenture so delivered.

(c) Investment earnings on the Revenue Stabilization Fund shall remain on deposit in the Revenue Stabilization Fund until applied or released pursuant to subsection (a) or (b) of this Section.

**Section 5.2 2012 Cost of Issuance Fund.** (a) The Board shall apply the amounts in the 2012 Cost of Issuance Fund to pay the issuance costs of the 2012 Bonds.

(b) Any amounts deposited in the 2012 Cost of Issuance Fund as described in Section 4.3(a) that are not applied in accordance with this Section and Section 7.7 of the Master Indenture to pay the costs of issuance of the 2012 Bonds shall be transferred by or on behalf of the Board to the Bond Debt Service Fund and applied by the Trustee to pay debt service on the 2012 Bonds before any other amounts therein are so used.

**Section 5.3 2012 Rebate Fund.** The Trustee shall invest and apply amounts on deposit in the 2012 Rebate Fund as directed by Officer's Certificates provided pursuant to and in accordance with the 2012 Tax Compliance Agreement. The Trustee shall have no continuing responsibility for amounts on deposit in the 2012 Rebate Fund other than to ensure that such amounts are not commingled with any other funds as required under the Master Indenture.

## ARTICLE VI SPECIAL COVENANTS

**Section 6.1 2012 Tax Compliance Agreement.** (a) The Board agrees that it will not take any action, or omit to take any action, if any such action or omission would adversely affect the exclusion from gross income of interest on the 2012 Bonds under Section 103 of the Tax Code. The Board agrees that it will not directly or indirectly use or permit the use of any proceeds of the 2012 Bonds or any other funds of the Board or take or omit to take any action that would cause the 2012 Bonds to be "arbitrage bonds" under Section 148(a) of the Tax Code. To these ends, the Board will comply with all requirements of Sections 141 through 150 of the Tax Code, including the Rebate Requirement, to the extent applicable to the 2012 Bonds.

(b) Without limiting the generality of the foregoing, the Board agrees that (i) it will not directly or indirectly use or permit the use of the proceeds of the 2012 Bonds except in accordance with the 2012 Tax Compliance Agreement and (ii) insofar as the 2012 Tax Compliance Agreement imposes duties and responsibilities on the Board, the 2012 Tax Compliance Agreement is specifically incorporated by reference into this Section.

(c) The Trustee agrees to comply with all written instructions of the Board Representative given in accordance with the 2012 Tax Compliance Agreement, but the Trustee shall not be required to ascertain that the instructions comply with the 2012 Tax Compliance Agreement. The Trustee shall be entitled to receive and may request from time to time from the Board written instructions from Bond Counsel acceptable to the Trustee regarding the interpretation of Sections 141 through 150 of the Tax Code, and the Trustee agrees that it will

comply with such directions (upon which the Trustee and the Board may conclusively rely) so as to enable the Board to perform its covenants under this Section.

(d) Notwithstanding any provisions of this Section, if the Board shall provide to the Trustee an Opinion of Bond Counsel addressed and acceptable to the Board and the Trustee to the effect that any action required under this Section by incorporation or otherwise is not required to maintain the exclusion from gross income of the interest on the 2012 Bonds under Section 103 of the Tax Code, the Board and the Trustee may rely conclusively on such opinion in complying with the provisions of this Section.

## **ARTICLE VII AMENDMENT OF MASTER INDENTURE**

**Section 7.1** **Amendment to Master Indenture.** [to be provided]

**Section 7.2** **Consent of Owners to Amendment of Master Indenture.** Consent of the Owners to the amendment of the Master Indenture made by Section 7.1 of this Third Supplemental Indenture shall be evidenced by the purchase and acceptance of delivery by such Owners of the 2012 Bonds on the Closing Date.

## **ARTICLE VIII MISCELLANEOUS**

**Section 8.1** **Successors and Assigns.** This Third Supplemental Indenture is binding upon, inures to the benefit of and is enforceable by the parties to it and their respective successors and assigns.

**Section 8.2** **Severability.** If any provision of this Third Supplemental Indenture is held invalid by any court of competent jurisdiction, such holding will not invalidate any other provision.

**Section 8.3** **Governing Law.** This Third Supplemental Indenture will be governed by and construed under the applicable laws of the Commonwealth.

**Section 8.4** **Counterparts.** This Third Supplemental Indenture may be executed in several counterparts, each of which will be an original, and the counterparts will together constitute one and the same instrument.

**Section 8.5** **Parties Interested.** Nothing in this Third Supplemental Indenture expressed or implied is intended or will be construed to confer upon any Person, other than the Board, the Trustee and the Owners of the 2012 Bonds, any right, remedy or claim under or by reason of this Third Supplemental Indenture, this Third Supplemental Indenture being intended for the sole and exclusive benefit of the Board, the Trustee and the Owners of the 2012 Bonds.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the Board and the Trustee have caused this Third Supplemental Indenture to be executed in their respective corporate names by their duly authorized officers, all as of the date first above written.

**COMMONWEALTH TRANSPORTATION BOARD**

By: \_\_\_\_\_  
Chairman

**WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Trustee**

By: \_\_\_\_\_  
Vice President

[SIGNATURE PAGE OF THIRD SUPPLEMENTAL INDENTURE]

EXHIBIT A  
FORM OF 2012 BOND

REGISTERED  
R-\_\_\_

CUSIP  
927793 \_\_\_

UNITED STATES OF AMERICA  
COMMONWEALTH OF VIRGINIA  
COMMONWEALTH TRANSPORTATION BOARD  
COMMONWEALTH OF VIRGINIA  
TRANSPORTATION CAPITAL PROJECTS REVENUE BOND  
SERIES 2012

INTEREST RATE	MATURITY DATE	DATED DATE
___%	May 15, 20__	June __, 2012

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ AND 00/100 DOLLARS (\$\_\_\_\_\_)

THE COMMONWEALTH TRANSPORTATION BOARD ("the Board"), for value received, promises to pay upon surrender of this Bond at the corporate trust office of Wells Fargo, National Association, or its successor, as trustee and paying agent (the "Trustee") under the Indenture (as defined below), to the registered owner of this Bond (the "Owner") or registered assigns or legal representative, the principal sum stated above on the maturity date stated above, and to pay interest on this Bond semiannually on each May 15 and November 15, commencing November 15, 2012, at the annual rate stated above, solely from the sources pledged for such purpose as described below. The principal of and premium, if any, and interest on this Bond are payable in lawful money of the United States of America.

"Indenture" means the Master Indenture of Trust dated as of May 1, 2010, between the Board and the Trustee, as previously supplemented (the "Master Indenture") and as further supplemented by the Third Supplemental Indenture of Trust dated as of June \_\_, 2012 (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"), between the Board and the Trustee. Unless otherwise defined, each capitalized term used in this Bond has the meaning given it in the Indenture.

Interest is payable (i) from the dated date set forth above (the "Dated Date"), if this Bond is authenticated before November 15, 2012, or (ii) otherwise from the interest payment date that is, or immediately precedes, the date on which this Bond is authenticated (unless payment of interest on this Bond is in default, in which case this Bond shall bear interest from the date to

which interest has been paid). Interest on this Bond is computed on the basis of a year of 360 days and twelve 30-day months.

Interest is payable by check or draft mailed to the holder of this Bond at the address that appears on the fifteenth day of the month preceding each interest payment date on the registration books kept by the Trustee. Notwithstanding the foregoing, if (i) the Owner of this Bond owns at least \$1,000,000 in aggregate principal amount of the 2012 Bonds (as defined below), and (ii) such Owner has provided satisfactory prior notice to the Trustee regarding payment by wire transfer, then interest shall be paid to such Owner by wire transfer. Notwithstanding anything to the contrary contained in this Bond or in the Indenture, for so long as Cede & Co. or any other nominee of The Depository Trust Company ("DTC") is the Owner of all of the 2012 Bonds, the principal of and premium, if any, and interest on this Bond shall be payable pursuant to the additional requirements provided under the Board's Blanket Issuer Letter of Representations to DTC.

If the date of maturity of the principal of this Bond or the date fixed for the payment of interest on this Bond shall not be a Business Day (as defined in the Indenture), then payment of principal, premium, if any, and interest need not be made on such date, but may be made on the next succeeding Business Day, and, if made on such next succeeding Business Day, no additional interest shall accrue for the period after such date of maturity or date fixed for the payment of interest.

This Bond is one of an issue of \$\_\_\_\_\_ Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012 Bonds (the "2012 Bonds"), of like date and tenor, except as to number, denomination, rate of interest, and maturity, authorized and issued by the Board pursuant to the Act, a resolution adopted by the Board on April 18, 2012, and the Indenture, to provide proceeds to be used to pay the issuance costs of the 2012 Bonds and to pay the Costs of the Projects.

The 2012 Bonds and the premium, if any, and the interest on thereon are limited obligations of the Board and payable solely from the revenues, moneys and other property pledged to the Trustee for such purpose under the Indenture. This Bond is secured on parity with the other 2012 Bonds, the Outstanding Bonds on the date hereof, and other Bonds hereafter to be issued and Outstanding under the Indenture. **THE PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THIS BOND SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF. NOTHING IN THIS BOND OR IN THE INDENTURE SHALL BE DEEMED TO CREATE OR CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT OF THE COMMONWEALTH OF VIRGINIA OR ANY POLITICAL SUBDIVISION THEREOF.**

Reference is made to the Indenture and all amendments and supplements to it for a description of the provisions, among others, with respect to the nature and extent of the security for the 2012 Bonds, the rights, duties and obligations of the Board and the Trustee, the rights of the Owners of the 2012 Bonds and the terms upon which the 2012 Bonds are issued and secured. The Board has issued certain bonds and may from time to time hereafter issue additional bonds ranking equally with the 2012 Bonds for certain purposes on the terms provided in the Indenture.

The 2012 Bonds maturing on or before May 15, 2022, shall not be subject to redemption at the Board's option before their respective maturity dates.

The 2012 Bonds maturing on or after May 15, 2023, are subject to optional redemption prior to their respective maturities on or after May 15, 2022, at the option of the Board, in whole or in part (in increments of \$5,000) at any time, at par value plus unpaid interest accrued on the principal amount to be redeemed to the date fixed for redemption.

The Owner of this Bond shall have no right to enforce the provisions of the Indenture or to take any action with respect to any Event of Default under the Indenture or to institute, appear in or defend any suit or other proceedings with respect to it, except as provided in the Indenture.

Modifications or alterations of the Indenture or of any supplement to it may be made only to the extent and in the circumstances permitted by the Indenture.

The 2012 Bonds are issuable as registered bonds in denominations of \$5,000 and integral multiples of \$5,000. Upon surrender for transfer or exchange of this Bond at the Trustee's designated corporate trust office, the Board shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees or Owner, as applicable, a new 2012 Bond or 2012 Bonds of like date, tenor and of any authorized denomination for the aggregate principal amount any such transferee or Owner is entitled to receive, subject in each case to such reasonable regulations as the Board or the Trustee may prescribe. When presented for transfer, exchange, or payment, this Bond must be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and substance reasonably satisfactory to the Board and the Trustee, duly executed by the Owner or by his or her duly authorized attorney-in-fact or legal representative. Any such transfer or exchange shall be at the Board's expense, except that the Trustee may charge the person requesting such transfer or exchange the amount of any tax or other governmental charge required to be paid with respect to it.

The Owner of this Bond shall be treated as the person exclusively entitled to payment of principal, premium, if any, and interest and the exercise of all other rights and powers of the Owner, except that interest payments shall be made to the person registered as Owner on the first day of the month of each interest payment date.

All acts, conditions and things required to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed.

This Bond shall not become obligatory for any purpose, be entitled to any security or benefit under the Indenture or be valid until the Trustee has executed the Certificate of Authentication appearing on this Bond and inserted the date of authentication.

[Remainder of Page Left Blank; Signature Page Follows]

**IN WITNESS WHEREOF**, the Commonwealth Transportation Board has caused this Bond to be signed by the facsimile signature of its Chairman, a facsimile of its seal to be printed on it and attested by the facsimile signature of its Secretary, and this Bond to be dated the Dated Date.

(SEAL)

**COMMONWEALTH TRANSPORTATION  
BOARD**

By: \_\_\_\_\_  
Chairman

ATTEST:

\_\_\_\_\_  
Secretary

[Signature Page of the Bond]

\* \* \* \* \*

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the 2012 Bonds described in the above-mentioned Indenture.

Authentication Date: June \_\_, 2012

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Trustee

By: \_\_\_\_\_  
Authorized Signature

**ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF TRANSFEREE

---

---

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE OF  
TRANSFEREE)

---

---

this Bond and all rights under it, and irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer this Bond on the books kept for its  
registration, with full power of substitution.

Dated: \_\_\_\_\_

Tax I.D. No. \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_  
(NOTE: The signature of the registered  
owner or owners must be guaranteed by an  
Eligible Guarantor Institution such as a  
Commercial Bank, Trust Company, Securities  
Broker/Dealer, Credit Union or Savings  
Association which is a member of a medallion  
program approved by The Securities Transfer  
Association, Inc.)

\_\_\_\_\_  
Registered Owner  
(NOTE: The signature above must correspond  
exactly with the name of the registered owner  
as it appears on the front of this Bond.)

## CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered by the Commonwealth Transportation Board (the "Board") of the Commonwealth of Virginia (the "Commonwealth") in connection with the issuance by the Board of its \$\_\_\_\_\_ Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012 (the "Bonds"), pursuant to the provisions of a Master Indenture of Trust dated as of May 1, 2010, as supplemented by a Third Supplemental Indenture of Trust dated as of June \_\_, 2012 (collectively, the "Indenture"), entered into between the Board and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The proceeds of the Bonds are being used to provide for the payment of certain costs of certain transportation projects in the Commonwealth and certain costs related to the issuance of the Bonds. The Board represents that it has not failed to be in compliance with its undertakings regarding the Rule (as defined below).

The Board hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Board for the benefit of the Holders (as defined below) of the Bonds and in order to assist the Participating Underwriters (as defined below) in complying with the Rule. The Board acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Disclosure Agreement.

Section 2. Definitions. In addition to the definitions used for purposes of the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any annual report provided by the Board pursuant to and as described in Sections 3 and 4 of this Disclosure Agreement.

"Dissemination Agent" shall mean the Board, acting in its capacity as dissemination agent hereunder, or any successor dissemination agent. Notwithstanding anything contained in this definition, the dissemination agent shall not be required to have any agency relationship with the Board for purposes of state law.

"EMMA" shall mean the MSRB's Electronic Municipal Market Access system, the internet address of which is <http://emma.msrb.org/>, and any successor thereto.

"Fiscal Year" shall mean the twelve-month period, at the end of which the financial position of the Board and results of its operations for such period are determined. Currently, the Board'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.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Board's Official Statement with respect to the Bonds, dated June \_\_, 2012.

"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.

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

Section 3. Provision of Annual Reports: Audited Financial Statements.

(a) By not later than 10 months following the end of each Fiscal Year of the Board, commencing with the Fiscal Year ending June 30, 2012, the Board shall submit, or shall cause the Dissemination Agent (if different from the Board) to submit, to EMMA an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, and (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement;

(b) The Board does not produce separate financial statements, but its financial activity is included in the audited financial statements of the Commonwealth. Accordingly, the Commonwealth is an obligated person for whom financial or operating data is presented in the Official Statement, and the Commonwealth has separately executed and delivered a continuing disclosure agreement dated the date hereof related to the offering and sale of the Bonds for the benefit of Holders of the Bonds and to assist the Participating Underwriters in complying with the Rule. If, at any time in the future, as a result of a change in law or accounting policy, the Board should produce separate audited financial statement, then the Board will make public such audited financial statements as provided in the Rule; and

(c) If the Board fails to submit an Annual Report to EMMA by the date required in subsection (a) hereof, the Board shall send an appropriate notice to the MSRB in substantially the form attached hereto as Exhibit A.

Section 4. Content of Annual Reports. Each Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, the following information, all with a view toward assisting the Participating Underwriters in complying with the Rule:

(a) updated information regarding the Capital Projects Revenue Bonds Program as set forth under the section bearing such heading in the Official Statement, including bond authorization for the Projects (as defined in the Indenture); and

(b) updated information regarding (1) the Priority Transportation Fund, the Transportation Trust Fund and Tax Collections, all as set forth in sections bearing such headings in the Official Statement and (2) any other funds appropriated by the General Assembly with respect to the Bonds, including funds appropriated and allocated to the Capital Projects Revenue Bonds Program, as of the end of the preceding Fiscal Year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements, documents related to debt issues or other documents of the Board or the Commonwealth, that have been filed with the MSRB or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

Section 5. Event Notices. The Board will submit, or cause the Dissemination Agent (if different from the Board) to submit, in a timely manner not in excess of ten business days after the occurrence of the event, to the MSRB, notice of the occurrence of any of the following events (listed in subsection (b)(5)(i)(c) of the Rule) with respect to the Bonds to which the Board has actual knowledge:

- (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 determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Holders of the Bonds, if material;
- (8) Bond calls;
- (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 Board;\*
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, 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 actions, other than pursuant to its terms, if material; and

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\* The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Board.

- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Board does not undertake to provide the above-described notice in the event of a mandatory, scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the Official Statement for the Bonds, (ii) the only open issue is when Bonds will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Holders under the terms of the Indenture, and (iv) public notice of the redemption is given pursuant to Release No. 34-23856 of the Securities and Exchange Commission, even if the originally scheduled amounts may be reduced by prior optional redemption or Bond purchases.

Section 6. Termination of Reporting Obligation. The obligations of the Board 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 Board 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. Any such successor Dissemination Agent will be deemed to be appointed pursuant to this Disclosure Agreement. It is currently anticipated that such successor Dissemination Agent may include, among others, Digital Assurance Certification LLC, or similar organizations that may exist from time to time. If at any time there is not any other designated Dissemination Agent, the Board shall be the Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Board 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 Board 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 described in Section 5 above, in addition to that which is required by this Disclosure Agreement. If the Board chooses to include any information in any Annual Report or notice described in Section 5 above, in addition to that which is specifically required by this Disclosure Agreement, the Board shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice.

Section 10. Default. Any person referred to in Section 11 (other than the Board) may take such action as may be permitted by law against the appropriate public official to secure compliance with the obligation of the Board to file its Annual Report or to give notice as described in Section 5. In addition, Holders of not less than a majority in aggregate principal amount of the 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 Board hereunder. A default under this Disclosure Agreement shall not

be deemed an event of default under the Indenture or any applicable resolution or other debt authorization of the Board, and the sole remedy under this Disclosure Agreement in the event of any failure of the Board 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 Board, the Participating Underwriters, and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[REMAINDER OF PAGE LEFT BLANK; SIGNATURE PAGE FOLLOWS]

Date: June \_\_, 2012

COMMONWEALTH TRANSPORTATION BOARD

By: \_\_\_\_\_  
Sean T. Connaughton, Chairman

[SIGNATURE PAGE TO CONTINUING DISCLOSURE AGREEMENT]

NOTICE OF FAILURE TO FILE ANNUAL REPORT  
[AUDITED ANNUAL FINANCIAL STATEMENTS]

COMMONWEALTH TRANSPORTATION BOARD

in connection with

Commonwealth of Virginia  
Transportation Capital Projects Revenue Bonds, Series 2012

CUSIP Numbers:  
927793 \_\_\_\_\_ to \_\_\_\_\_

Dated: June 20, 2012

**NOTICE IS HEREBY GIVEN** that the Commonwealth Transportation Board (the "Board") has not provided an Annual Report [Audited Annual Financial Statements] as required by Section 3 of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds. The Board anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by \_\_\_\_\_ [or it has been filed as of \_\_\_\_\_].

Dated: \_\_\_\_\_

COMMONWEALTH TRANSPORTATION BOARD

By: \_\_\_\_\_  
Its: \_\_\_\_\_

PRELIMINARY OFFICIAL STATEMENT DATED MAY \_\_, 2012

NEW ISSUE  
BOOK-ENTRY ONLY

**Ratings:**  
Fitch: \_\_\_\_\_  
Moody's: \_\_\_\_\_  
Standard & Poor's: \_\_\_\_\_  
(See "RATINGS" herein)

In the opinion of Bond Counsel, under current law and assuming the compliance with certain covenants and the accuracy of certain representations and certifications made by the Transportation Board and other persons described herein, interest on the Bonds (1) is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), (2) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed under the Code on individuals and corporations, and (3) is exempt from income taxation by the Commonwealth of Virginia. See the section "Tax Matters" regarding certain other tax considerations.

**Commonwealth Transportation Board**

\$ \_\_\_\_\_ \*

**Commonwealth of Virginia**

**Transportation Capital Projects Revenue Bonds, Series 2012**

**Dated: Date of Delivery**

**Due: May 15 (as shown on the inside front cover)**

This Official Statement has been prepared by the Commonwealth Transportation Board of the Commonwealth of Virginia (the "Transportation Board") to provide information on the above-referenced bonds (the "Bonds"). Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Bonds, a prospective investor should read this Official Statement in its entirety.

**Security** The Bonds are limited obligations of the Commonwealth of Virginia (the "Commonwealth") and the Transportation Board, secured by and payable from the revenues, receipts and funds appropriated for such purpose by the General Assembly of the Commonwealth (the "General Assembly") or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or any of its political subdivisions. See the section "Sources of Payment and Security for the Bonds."

**Issued Pursuant to** The Bonds will be issued pursuant to a Master Indenture of Trust dated as of May 1, 2010, and a Third Supplemental Indenture of Trust dated as of June \_\_, 2012.

**Purpose** The Bond proceeds are being used to pay (i) certain costs of certain transportation projects in the Commonwealth and (ii) certain costs related to the issuance of the Bonds. See the sections "Introduction," "Capital Projects Revenue Bonds Program," and "Application of Proceeds of the Bonds."

**Interest Rates/Yields** See inside front cover.

**Interest Payment Dates** May 15 and November 15, beginning November 15, 2012.

**Denomination** \$5,000 or multiples thereof.

**Redemption** See inside front cover and the section "The Bonds."

**Closing/Delivery Date** On or about June 7, 2012.\*

**Registration** Book-entry only. See the section "The Bonds."

**Trustee/Paying Agent** Wells Fargo Bank, National Association, Columbia, Maryland

**Financial Advisor** Public Resources Advisory Group, New York, New York

**Bond Counsel** McGuireWoods LLP, Richmond, Virginia

The Bonds will be awarded pursuant to electronic competitive bidding to be held via BiDCOMP/PARITY® on June 6, 2012,\* unless postponed, as set forth in the Notice of Sale contained in Appendix F to this Official Statement.

Dated: May \_\_, 2012

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to change, completion and amendment without notice. The Bonds may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**COMMONWEALTH TRANSPORTATION BOARD**

\$ \_\_\_\_\_ \*

**Commonwealth of Virginia**

**Transportation Capital Projects Revenue Bonds, Series 2012**

**(Base CUSIP Number 927793)**

<b>Maturity (May 15)*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP Suffix</b>
2013	\$ _____	%	%	
2014	_____			
2015	_____			
2016	_____			
2017	_____			
2018	_____			
2019	_____			
2020	_____			
2021	_____			
2022	_____			
2023	_____			
2024	_____			
2025	_____			
2026	_____			
2027	_____			
2028	_____			
2029	_____			
2030	_____			
2031	_____			
2032	_____			
2033	_____			
2034	_____			
2035	_____			
2036	_____			
2037	_____			

**Optional Redemption**

The Bonds maturing on or before May 15, 2022, will not be subject to optional redemption. The Bonds maturing on and after May 15, 2023, will be subject to optional redemption, at the sole discretion of the Transportation Board, on and after May 15, 2022, in whole or in part at any time, at par plus interest accrued thereon to the date fixed for redemption.

**Mandatory Redemption**

Mandatory sinking fund redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine, in accordance with the Notice of Sale, serial maturities into one or more term bonds.

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\* Preliminary, subject to change.

**COMMONWEALTH TRANSPORTATION BOARD**

Sean T. Connaughton, *Chairman and Secretary of Transportation*

Gregory A. Whirley, *Vice Chairman*

Thelma D. Drake	Aubrey L. Layne, Jr
Jim D. Bowie	Allen L. Louderback
Roger Cole	Dana M. Martin
Dr. James A. Davis	W. Sheppard Miller, III
Hollis D. Ellis	Mark J. Peake
F. Gary Garczynski	James E. Rich
James L. Keen	Cord A. Sterling
J. Douglas Koelemay	

**VIRGINIA DEPARTMENT OF TRANSPORTATION**

Gregory A. Whirley, *Commissioner of Highways*

John W. Lawson, *Chief Financial Officer*

**VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION**

Thelma D. Drake, *Director*

William S. Pittard, *Chief Financial Officer*

**OFFICE OF THE ATTORNEY GENERAL**

Kenneth T. Cuccinelli, II, *Attorney General*

Jeffrey R. Allen, *Senior Assistant Attorney General*

**TRUSTEE**

Wells Fargo Bank, National Association  
Columbia, Maryland

**BOND COUNSEL**

McGuireWoods LLP  
Richmond, Virginia

**FINANCIAL ADVISOR**

Public Resources Advisory Group  
New York, New York

THE BONDS ARE EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE BONDS ARE ALSO EXEMPT FROM REGISTRATION UNDER THE SECURITIES LAWS OF THE COMMONWEALTH OF VIRGINIA.

NO DEALER, BROKER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED BY THE TRANSPORTATION BOARD TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE TRANSPORTATION BOARD. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE AN OFFER, SOLICITATION OR SALE. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT OR AGREEMENT BETWEEN THE TRANSPORTATION BOARD AND THE PURCHASERS OR OWNERS OF ANY OF THE BONDS. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT OR ANY SALE MADE UNDER IT WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE TRANSPORTATION BOARD SINCE THE DATE OF THIS OFFICIAL STATEMENT.

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**OFFICIAL STATEMENT**  
**Commonwealth Transportation Board**  
\$ \_\_\_\_\_ \*  
**Commonwealth of Virginia**  
**Transportation Capital Projects Revenue Bonds, Series 2012**

**INTRODUCTION**

This Official Statement is provided by the Commonwealth Transportation Board (the "Transportation Board"), a board created and existing pursuant to the laws of the Commonwealth of Virginia (the "Commonwealth"), to furnish information with respect to the offering of \$ \_\_\_\_\_ \* aggregate principal amount of the Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012 (the "Bonds"). The Bonds are expected to be offered for sale at competitive bidding on May 23, 2012.\* See the section "*Sale at Competitive Bidding.*"

*This Introduction contains certain information for summary purposes only. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. The information contained in this Official Statement is given as of the date stated on the front cover.*

**Commonwealth Transportation Board**

The Transportation Board was created by the enactment of Chapter 1, Title 33.1 of the Code of Virginia of 1950, as amended (the "Virginia Code"), and is responsible for general policies for the construction and use of Virginia's highway system and for the efficient and economic development of transportation. The powers and duties of the Transportation Board include, among other things, the allocation of funds in the Transportation Trust Fund to finance transportation needs, including needs for highway and public transportation. See the section "*Commonwealth Transportation Board, Virginia Department of Transportation, and Virginia Department of Rail and Public Transportation.*"

**The Bonds**

The issuance of the Bonds is authorized by the provisions of (i) the Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia, 2007 Regular Session, as amended (the "2007 Act"); (ii) Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended by Chapter 890 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session (collectively, the "Appropriation Acts" and, together with the 2007 Act, the "Capital Projects Bond Act"); (iii) the State Revenue Bond Act, §§ 33.1-267 *et seq.* (the "Revenue Bond Act") of the Virginia Code; and (iv) a resolution adopted by the Transportation Board on April 18, 2012 (the "Resolution"). The Bonds are being issued pursuant to a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented (the "Master Indenture") and as further supplemented by a Third Supplemental Indenture of Trust dated as of June \_\_, 2012 (the "Third Supplemental Indenture" and collectively, with the Master Indenture, the "Indenture"), each between the Transportation Board and Wells Fargo Bank, National Association, Columbia, Maryland, as trustee for the Bonds (the "Trustee").

The Bonds are the third series of bonds issued by the Transportation Board under the Capital Projects Bond Act. See the section "*Capital Projects Revenue Bonds Program.*" The Bonds, any bonds currently outstanding, and any additional bonds issued in the future under the Indenture are referred to collectively as the "Capital Projects Revenue Bonds."

**Purpose of the Bonds**

The Transportation Board will use the net proceeds of the Bonds to provide for the payment of certain costs (the "Costs") of certain transportation projects in the Commonwealth (the "Projects") and certain costs related to the issuance of the Bonds. See the section "*Capital Projects Revenue Bonds Program.*"

Pursuant to the Third Supplemental Indenture, the Transportation Board will deposit a portion of the proceeds of the Bonds into the Project Fund established pursuant to the Master Indenture. See the section "*Application of Proceeds*"

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\* Preliminary, subject to change.

of the Bonds." From time to time, the Transportation Board will requisition funds from the Project Fund pursuant to the terms of the Indenture to pay the Costs of the Projects.

### **Limited Obligations**

The Bonds are limited obligations of the Commonwealth and the Transportation Board payable solely from the revenues, receipts and funds appropriated for such purpose by the General Assembly of the Commonwealth (the "General Assembly"), or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or of any of its political subdivisions.

Specifically, the Bonds are payable from and secured by revenues, receipts and funds appropriated by the General Assembly for payment thereof, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, (i) from the revenues deposited into the Priority Transportation Fund established pursuant to Section 33.1-23.03:8 of the Virginia Code (the "Priority Transportation Fund"), which is a part of the Transportation Trust Fund (as defined herein), (ii) to the extent required, from revenues legally available from the rest of the Transportation Trust Fund established pursuant to Section 33.1-23.03:1 of the Virginia Code (the "Transportation Trust Fund"), and (iii) to the extent required, from any other legally available funds. In addition, the Bonds are payable from and secured by moneys held in certain funds established under the Indenture. Future series of Capital Projects Revenue Bonds are expected to be payable from and secured by the above-described revenues, receipts, funds and moneys on a parity basis with the Bonds as provided under the Indenture. See the sections "*Sources of Payment and Security for the Bonds*" and "*Priority Transportation Fund*."

The Bonds are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the Bonds when due, the Trustee and the owners of the Bonds shall have no right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of them.

### **Approval of Issuance of Bonds and Terms and Structure of Bonds**

Under the 2007 Act, the Governor must consent to the issuance of all Capital Projects Revenue Bonds. In addition, Section 2.2-2416(7) of the Virginia Code requires the Treasury Board of the Commonwealth (the "Treasury Board") to approve the terms and structure of all proposed bond issues by state agencies, boards or authorities where debt service payments are expected by the issuing agency, board or authority to be made, in whole or in part, from appropriations of the Commonwealth. On May 16, 2012, the Treasury Board adopted a resolution approving the terms and structure of the Bonds within certain parameters and delegated to the State Treasurer of the Commonwealth (the "State Treasurer") the power to approve the final terms and structure of the Bonds within such parameters. Both the Governor and the State Treasurer must provide their approvals before the Transportation Board may issue the Bonds.

## **CAPITAL PROJECTS REVENUE BONDS PROGRAM**

The 2007 Act authorizes the Transportation Board to issue Capital Projects Revenue Bonds as revenue obligations of the Commonwealth at one or more times in an aggregate principal amount not to exceed \$3 billion excluding any refunding Capital Projects Revenue Bonds. The 2007 Act further provides that if the aggregate principal amount issued in any fiscal year is less than \$300 million, then the amount by which the issuance is less than \$300 million may be issued in any subsequent fiscal year in addition to the \$300 million authorized in the subsequent fiscal year. The proceeds of the Capital Projects Revenue Bonds authorized by the 2007 Act will be used to pay the costs of transportation projects and, where appropriate, may be paid to any authority, locality, commission, or other entity for the purposes of paying for the costs of transportation projects. A minimum of 20 percent of the proceeds will be used for transit capital, a minimum of 4.3 percent of the proceeds will be used for rail capital, and the remaining amount of proceeds will be used for paying the costs of transportation projects, with such proceeds used or allocated (i) to match certain federal highway funds, (ii) to provide any required funding to fulfill the Commonwealth's allocation of equivalent revenue sharing matching funds, and (iii) to pay or fund the costs of statewide or regional projects throughout the Commonwealth. Costs for construction or funding of these transportation projects include, but are not limited to, the costs of environmental and engineering studies, rights-of-way acquisition, improvements to all modes of transportation, acquisition, construction and related improvements, and any financing costs or other financing expenses related to the Capital Projects Revenue Bonds.

The Appropriation Acts authorize the Transportation Board to issue Capital Projects Revenue Bonds at one or more times in an aggregate principal amount not to exceed \$180,000,000, after all costs, with the net proceeds of the Appropriation Act Bonds to be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of the General Assembly, 2007 Regular Session, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses.

On May 26, 2010, the Transportation Board issued the first Series of Capital Projects Revenue Bonds in the aggregate principal amount of \$492,665,000, and on May 25, 2011, the Transportation Board issued the second Series of Capital Projects Revenue Bonds in the aggregate principal amount of \$600,000,000. Accordingly, the aggregate original principal of both series of prior bonds is \$1,092,665,000, of which \$1,062,000,000 is currently Outstanding.

Chapters 830 and 868 (HB 2527 and SB1446) of the 2011 Acts of Assembly amended the 2007 Act, which amendments increased the annual issuance limitation in the fiscal years ending on June 30, 2012 and June 30, 2013 by \$200 million and \$300 million, respectively. The uses of the Capital Projects Revenue Bonds authorized by the 2007 Act were also amended to permit the Transportation Board flexibility, within the statutory requirements, to determine the amount of the Capital Projects Revenue Bonds to be used to match federal highway funds and to support the revenue sharing program.

## THE BONDS

### Description of the Bonds

The Bonds will be issued as fully registered Bonds in book-entry form. The Bonds will be dated their date of delivery, will be issued in denominations of \$5,000 or integral multiples of \$5,000, and will bear interest from the dated date thereof, payable semiannually on each May 15 and November 15, beginning November 15, 2012, at the rates and will mature on the dates and in the amounts set forth on the inside front cover of this Official Statement. Principal of, premium, if any, and interest on the Bonds will be paid by the Trustee to The Depository Trust Company ("DTC") for distribution as described in the subsection "Book-Entry Only System" below.

### Optional Redemption

The Bonds maturing on or before May 15, 2022, will not be subject to optional redemption. The Bonds maturing on and after May 15, 2023, will be subject to optional redemption prior to their respective maturities on and after May 15, 2022, at the sole option of the Transportation Board, in whole or in part (in increments of \$5,000), at any time, at par plus interest accrued on the principal amount to be redeemed to the date fixed for redemption.

### Mandatory Sinking Fund Redemption

*[Mandatory Sinking Fund Redemption provisions will be included in the final Official Statement only if the successful bidder elects to combine, in accordance with the Notice of Sale, serial maturities into term Bonds].*

[The Bonds maturing on \_\_\_\_\_, \_\_\_\_\_, are required to be redeemed in part before maturity on \_\_\_\_\_ in the years and in the amounts set forth below, at par plus accrued interest to the date fixed for redemption.]

_____ Term Bonds Maturing _____,	
_____	
_____	_____
<b>Year</b>	<b>Amount</b>
_____	_____

### Selection of Bonds for Redemption

If less than all of the Bonds are called for optional redemption, the maturities of the Bonds to be redeemed will be called in such order as the Transportation Board may determine. If less than all of the Bonds of any maturity are

called for optional or mandatory redemption, the Bonds to be redeemed will be selected by DTC, as hereafter defined, or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, will be selected by the Trustee by lot in such manner as the Trustee in its discretion may determine. In either event, each portion of \$5,000 principal amount shall be counted as one Bond for such purpose.

### **Notice of Redemption**

Notice of redemption will be given by the Trustee by registered or certified mail not less than 30 nor more than 60 days before the redemption date to DTC, or, if DTC is no longer serving as securities depository for the Bonds, to the substitute securities depository, or if none, to the registered owners of the Bonds to be redeemed at their addresses shown on the registration books maintained by the Trustee. Such notice of redemption also will be given to certain securities depositories and certain national information services which disseminate such redemption notices. Such notice may state that the redemption of the Bonds to be redeemed is conditioned upon the occurrence of certain future events, including, without limitation, the deposit of moneys, in an amount sufficient to effect the redemption, with the Trustee on or before the date fixed for redemption. All Bonds called for redemption will cease to bear interest on the specified redemption date, provided funds sufficient for the redemption of such Bonds in accordance with the Master Indenture are on deposit with the Trustee. If such moneys are not available on the redemption date, such Bonds or portions thereof will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption. On presentation and surrender of the Bonds called for redemption at the place or places of payment, such Bonds will be paid and redeemed provided sufficient funds are on deposit with the Trustee. During the period that DTC or its nominee is the registered owner of the Bonds, the Trustee will not be responsible for mailing notices of redemption to the Beneficial Owners.

### **Book-Entry Only System**

*The description that follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payments of principal, premium, if any, and interest on the Bonds to DTC, its nominee, Direct Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other Bond-related transactions by and between DTC, Direct Participants, Indirect Participants and Beneficial Owners is based solely on information furnished by DTC and is not, and should not be construed as, a representation by the Transportation Board as to its accuracy, completeness or otherwise.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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 Bond certificate will be issued for each maturity of the 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 Standard & Poor's highest rating: AAA. 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 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 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 Bonds are to be accomplished by entries made on the books of the Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all 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 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant of such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

BECAUSE DTC IS TREATED AS THE OWNER OF THE BONDS FOR SUBSTANTIALLY ALL PURPOSES UNDER THE INDENTURE, BENEFICIAL OWNERS MAY HAVE A RESTRICTED ABILITY TO INFLUENCE IN A TIMELY FASHION REMEDIAL ACTION OR THE GIVING OR WITHHOLDING OF REQUESTED CONSENTS OR OTHER DIRECTIONS. IN ADDITION, BECAUSE THE IDENTITY OF BENEFICIAL OWNERS IS UNKNOWN TO THE TRANSPORTATION BOARD, THE COMMONWEALTH OR DTC, IT MAY BE DIFFICULT TO TRANSMIT INFORMATION OF POTENTIAL INTEREST TO BENEFICIAL OWNERS IN AN EFFECTIVE AND TIMELY MANNER. BENEFICIAL OWNERS SHOULD MAKE APPROPRIATE ARRANGEMENTS WITH THEIR BROKER OR DEALER REGARDING DISTRIBUTION OF INFORMATION REGARDING THE BONDS THAT MAY BE TRANSMITTED BY OR THROUGH DTC.

Principal, redemption premium, if any, and interest payments on the 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 Transportation Board or Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct or Indirect Participant and not of DTC, the Trustee or the Transportation Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Transportation Board or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants. **THE TRANSPORTATION BOARD AND THE COMMONWEALTH CAN GIVE NO ASSURANCES THAT DIRECT AND INDIRECT PARTICIPANTS WILL PROMPTLY TRANSFER PAYMENT TO BENEFICIAL OWNERS.**

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Bond owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Transportation Board 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 Transportation Board may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The foregoing information concerning DTC and DTC's book-entry system set forth above has been obtained from DTC. Neither the Transportation Board, the Commonwealth nor the Trustee makes any representation or warranty regarding the accuracy or completeness thereof.

**So long as Cede & Co., as nominee for DTC, is the sole Bondholder of the Bonds, the Transportation Board and the Trustee shall treat Cede & Co. as the only Bondholder of the Bonds for all purposes under the Indenture, including receipt of all principal of, premium, and interest on the Bonds, receipt of notices, voting and requesting or directing the Transportation Board and the Trustee to take or not to take, or consenting to, certain actions under the Indenture.**

**The Transportation Board and the Trustee have no responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy or the maintenance of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner with respect to the principal of, premium, and interest on the Bonds or the sending of any transaction statements; (c) the delivery or timeliness of delivery by DTC or any Direct or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to Bondholders of the Bonds; (d) the selection of the Beneficial Owners to receive payments upon any partial redemption of the Bonds; or (e) other action taken by DTC or Cede & Co. as Bondholder of the Bonds, including the effectiveness of any action taken pursuant to an Omnibus Proxy.**

The Transportation Board or the Trustee may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Bonds without the consent of Beneficial Owners or Bondholders of the Bonds.

### **APPLICATION OF PROCEEDS OF THE BONDS**

Set forth below are the amount and components of the proceeds of the sale of the Bonds and the application of the proceeds on the date of delivery of the Bonds:

**Sources:**

Principal Amount of Bonds	\$
Net Original Issue Premium/Discount	_____
 Total	 \$ _____

**Uses:**

Deposit to Project Fund	\$
Deposit to Cost of Issuance Fund	
Underwriters' Discount	_____
 Total	 \$ _____

### **SOURCES OF PAYMENT AND SECURITY FOR THE BONDS**

**Limited Obligations**

**The Bonds are limited obligations of the Commonwealth and the Transportation Board secured by and payable from the revenues, receipts and funds appropriated for such purpose by the General Assembly, or allocated by the Transportation Board for such purpose from the revenues, receipts and funds appropriated to it by the General Assembly, and do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or of any of its political subdivisions.**

The Bonds are not secured by any mortgage or lien on any transportation facilities of the Commonwealth or the Transportation Board. In the event of a failure to make any payment on the Bonds when due, neither the Trustee nor

the owners of the Bonds shall have any right to take possession of any transportation facilities or to exclude the Commonwealth or the Transportation Board from possession of them.

### **The Bonds and Other Capital Projects Revenue Bonds**

**General.** The Bonds and any other Capital Projects Revenue Bonds issued and outstanding under the Indenture will be equally and ratably payable from and secured by (i) "Revenues," defined as revenues, receipts and funds appropriated by the General Assembly for payment thereof, or allocated by the Transportation Board for such purpose from revenues, receipts and funds appropriated to it by the General Assembly, (a) from the Priority Transportation Fund, which is a part of the Transportation Trust Fund, (b) to the extent required, from revenues legally available from the rest of the Transportation Trust Fund, and (c) to the extent required, from any other legally available funds, and (ii) from moneys in certain funds established under the Indenture. See the sections "*Priority Transportation Fund*," "*Transportation Trust Fund*" and "*Summary of the Indenture*."

**Payment Agreement.** The Transportation Board entered into a Payment Agreement dated as of May 1, 2010 with the Treasury Board and the Secretary of Finance (the "Payment Agreement"). The Payment Agreement provides, among other things, the procedures for requesting appropriations of funds sufficient to pay debt service on the Capital Projects Revenue Bonds and for the payment of such debt service. The Payment Agreement requires the Transportation Board and the Treasury Board to use their best efforts to have (i) the Governor include a sufficient appropriation request in each biennial or any supplemental budget of the Commonwealth and (ii) the General Assembly appropriate the amount requested by the Governor. See the section "*Summary of Payment Agreement*."

**Additional Capital Projects Revenue Bonds.** The Transportation Board may issue one or more series of additional Capital Projects Revenue Bonds under the Indenture on parity with the Bonds upon satisfaction of various conditions. The Indenture provides that additional Capital Projects Revenue Bonds may be issued only (i) to pay the costs of the projects authorized under the Capital Projects Bond Act or other costs authorized under the Capital Projects Bond Act, (ii) to refund any Capital Projects Revenue Bonds issued under the Indenture, and (iii) for a combination of such purposes.

Under the 2007 Act, the Governor must consent to the issuance of all Capital Projects Revenue Bonds. The 2007 Act provides that (i) the aggregate principal amount of the Capital Projects Revenue Bonds issued under the 2007 Act may not exceed \$3,000,000,000 and (ii) the aggregate principal amount of Capital Projects Revenue Bonds issued under the 2007 Act in any one fiscal year shall not exceed \$300,000,000, excluding any refunding Bonds. If, however, the aggregate principal amount of Capital Projects Revenue Bonds issued under the 2007 Act in any fiscal year is less than \$300,000,000, then the amount by which such issuance is less than \$300,000,000 may be issued in any subsequent fiscal year in addition to the \$300,000,000 authorized in the subsequent fiscal year. The \$180,000,000 in aggregate principal amount of Capital Projects Revenue Bonds that may be issued under the Appropriation Acts are not subject to the foregoing limitations set forth in the 2007 Act regarding the amount of principal that may be issued on an aggregate basis or in any one fiscal year.

Chapters 830 and 868 (HB 2527 and SB1446) of the 2011 Acts of Assembly amended the 2007 Act, which amendments increased the annual issuance limitation in the fiscal years ending on June 30, 2012 and June 30, 2013 by \$200 million and \$300 million, respectively. The uses of the Capital Projects Revenue Bonds authorized by the 2007 Act were also amended to permit the Transportation Board flexibility, within the statutory requirements, to determine the amount of the Capital Projects Revenue Bonds to be used to match federal highway funds and to support the revenue sharing program.

All of the aforementioned limitations on the issuance of the Capital Projects Revenue Bonds could be changed by the General Assembly at any time.

The 2007 Act provides that no bonds, obligations, or other evidences of debt that expressly require as a source for debt service payments thereon or for the repayment thereof the revenues of the Priority Transportation Fund, such as the Capital Projects Revenue Bonds, shall be issued or entered into unless at the time of the issuance the revenues then in the Priority Transportation Fund or reasonably anticipated to be deposited into the Priority Transportation Fund pursuant to the law then in effect are by themselves sufficient to make 100% of the contractually required debt service payments on all such bonds, obligations, or other evidence of debt, including any interest related thereto and the retirement thereof. For purposes of the foregoing, contractually required debt service shall not include debt service scheduled to be paid from the Revenue Stabilization Fund or the Project Fund. See the section "*Priority Transportation Fund*."

## **Additional Bonds In General**

In addition to the Capital Projects Revenue Bonds, the General Assembly has authorized and may authorize the issuance of other bonds by the Transportation Board under other transportation financing programs to pay the costs of other transportation improvements in the Commonwealth. Such presently outstanding bonds and such possible future bonds could be payable from amounts which may be appropriated by the General Assembly from the Priority Transportation Fund, other legally available funds in the Transportation Trust Fund, and other legally available funds of the Commonwealth. See the section "*Authorized, Issued and Unissued Bonds Payable from Transportation Trust Fund.*"

## **Information Pertaining to the Commonwealth**

Appendices B and C contain, respectively, certain financial and demographic/economic information pertaining to the Commonwealth, and Appendix A contains the comprehensive financial statements of the Commonwealth for its fiscal year ending June 30, 2011. See the section "*Transportation Trust Fund – Sources of Revenues – Economic Conditions Affecting the Commonwealth.*"

# **PRIORITY TRANSPORTATION FUND**

## **General**

The Priority Transportation Fund was established by the General Assembly by adding § 33.1-23.03:8 to the Virginia Code in the first enactment clauses of Chapters 1019 and 1044 of the Acts of the General Assembly of the Commonwealth of Virginia 2000 Regular Session and by subsequently amending the same in the first enactment clause of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia 2007 Regular Session ("Chapter 896"). The Priority Transportation Fund is a special non-reverting fund of the Transportation Trust Fund which is held by the Virginia Department of the Treasury. The legislation creating the Priority Transportation Fund currently provides that all funds as may be designated in an appropriation act by the General Assembly for deposit to the Priority Transportation Fund shall be paid into the state treasury and credited to the Priority Transportation Fund. Such funds shall include:

1. All revenues deposited into the Priority Transportation Fund pursuant to § 58.1-2531 of the Virginia Code, which requires that one-third of the revenues of the annual license tax imposed on insurance companies doing business in the Commonwealth under Chapter 25 of Title 58.1 of the Virginia Code, which annual license tax is equal to a percentage of the insurance companies' direct gross income from its premiums or subscriber fees (the "Insurance Tax"), collected in the most recently ended fiscal year, less one-third of the total amount of Insurance Tax refunded in the most recently ended fiscal year, shall be directly deposited by the Comptroller of the Commonwealth to the Priority Transportation Fund;
2. A portion of the moneys actually collected, including penalty and interest, attributable to any increase in revenues from the taxes (the "Motor Fuel Taxes") imposed under the Virginia Fuels Tax Act, Chapter 22 (§ 58.1-2200 *et seq.*) of Title 58.1 of the Virginia Code ("Virginia Fuels Tax Act"), with such increase being calculated as the difference between such Motor Fuel Taxes revenues collected in the manner prescribed under the Virginia Fuels Tax Act less such Motor Fuel Taxes revenues that would have been collected using the prescribed manner in effect immediately before January 1, 2001, the effective date of the Virginia Fuels Tax Act, computed without regard to increases in the rates of the Motor Fuel Taxes under the Virginia Fuels Tax Act pursuant to enactments of the 2007 Regular Session of the General Assembly. The portion to be deposited to the Priority Transportation Fund shall be the moneys actually collected from such increase in revenues and allocated for highway and mass transit improvement projects as set forth in § 33.1-23.03:2 of the Virginia Code, but not including any amounts that are allocated to the Commonwealth Port Fund and the Commonwealth Airport Fund under such section. There shall also be deposited into the Priority Transportation Fund all additional federal revenues attributable to the Virginia Fuels Tax Act;
3. Beginning with the fiscal year ending June 30, 2000, and for fiscal years thereafter, all revenues that exceed the official forecast, pursuant to § 2.2-1503 of the Virginia Code, for (i) the Highway Maintenance and Operating Fund and (ii) the allocation to highway and mass transit improvement projects as set forth in § 33.1-23.03:2 of the Virginia Code, but not including any amounts that are allocated to the Commonwealth Port Fund and the Commonwealth Airport Fund under such section; and
4. Any other such funds as may be transferred, allocated, or appropriated.

All moneys in the Priority Transportation Fund shall first be used for debt service payments on the Bonds, any other Capital Projects Revenue Bonds or other bonds for which the Priority Transportation Fund is expressly required for making debt service payments to the extent needed. No other such bonds have been issued or are authorized.

Any moneys remaining in the Priority Transportation Fund, including interest thereon, at the end of each fiscal year will not revert to the general fund but shall remain in the Priority Transportation Fund, and may be applied by the Transportation Board to, among other things, support, secure, or leverage financing for any projects listed in the Six-Year Improvement Program as may be adopted from time to time by the Transportation Board. See the subsection below "*Highway Allocation Formula*" and the section "*Commonwealth Transportation Board, Virginia Department of Transportation, and Virginia Department of Rail and Public Transportation-Financial Accountability and Program Delivery.*" Any of the bonds described in the section "*Authorized, Issued and Unissued Bonds Payable from Transportation Trust Fund*" would constitute such financing.

Moneys in the Priority Transportation Fund shall be used by the Transportation Board to facilitate the financing of priority transportation projects throughout the Commonwealth. The Transportation Board may use the Priority Transportation Fund either (i) by expending amounts therein on such projects directly, (ii) by payment to any authority, locality, commission or other entity for the purpose of paying the costs thereof, or (iii) by using such amounts to support, secure, or leverage financing for such projects. The Transportation Board shall use the Priority Transportation Fund to facilitate the financing of priority transportation projects as designated by the General Assembly; provided, however, that, at the discretion of the Transportation Board, funds allocated to projects within a transportation district may be allocated among projects within the same transportation district as needed to meet construction cash-flow needs.

**Revenues**

The Priority Transportation Fund was initially funded in the fiscal year ending June 30, 2001. Since its inception, the major source of revenue for the Priority Transportation Fund has been a portion of the revenues of the Insurance Tax, and until June 30, 2008, a portion of the revenues of the Insurance Tax was deposited in the Commonwealth's General Fund and subsequently transferred to the Priority Transportation Fund. As a result of the enactment of § 58.1-2531 of the Virginia Code, however, as discussed above, one-third of the revenues of the Insurance Tax collected in the most recently ended fiscal year, less one-third of the total amount of Insurance Tax refunded in the most recently ended fiscal year, shall be directly deposited by the Comptroller of the Commonwealth to the Priority Transportation Fund. In addition, the Priority Transportation Fund has historically received and is projected to continue to receive some of the revenue of the Motor Fuel Taxes. Finally, the Priority Transportation Fund retains the interest earned on its cash balance.

The following table shows the amounts of the revenues of the Insurance Tax received by the Commonwealth in fiscal years ending June 30, 2002 through 2012.

**Historical Insurance Tax Receipts  
(in millions)**

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Insurance</u> <u>Tax</u>
2002	\$292.7
2003	333.0
2004	351.3
2005	373.6
2006	373.8
2007	384.9
2008	396.9
2009	387.3
2010	391.0
2011	411.9
2012 <sup>1</sup>	424.6

<sup>1</sup> Projected.

Sources: Commonwealth of Virginia Department of Accounts, Department of Motor Vehicles, and Department of Taxation.

The following table shows the amounts of the revenues of the Insurance Tax and other sources that were deposited and are forecasted to be deposited into the Priority Transportation Fund for the fiscal years 2010 through 2017. As discussed above, starting in 2009, these revenues were directly deposited into the Priority Transportation Fund. The Insurance Tax revenues will be deposited into the Priority Transportation Fund quarterly, based on actual collections. The revenues will be deposited into the Priority Transportation Fund first, before any other distributions are made of the Insurance Tax revenues to other recipients. It is anticipated that most, if not all, of the Insurance Tax revenues received during each fiscal year and due to be deposited into the Priority Transportation Fund will be deposited in September of each subsequent fiscal year, and the remaining balance due, if any, will be deposited in December.

**Historical and Projected Priority Transportation Fund Revenues**  
(in millions)

Fiscal Year Ending June 30:	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Insurance Tax <sup>1</sup>	\$129.1	\$130.3	\$137.3	\$141.8	\$147.2	\$153.6	\$162.5	\$170.2
Motor Fuel Taxes	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0
Investment Income	<u>3.1</u>	<u>2.0</u>	<u>2.2</u>	<u>2.0</u>	<u>2.0</u>	<u>1.7</u>	<u>1.9</u>	<u>0.7</u>
Total Projected Priority Transportation Fund Revenues	<u>\$152.2</u>	<u>\$152.3</u>	<u>\$159.5</u>	<u>\$163.8</u>	<u>\$169.2</u>	<u>\$175.3</u>	<u>\$184.4</u>	<u>\$190.9</u>

1 These amounts represent one-third of the total revenues of the Insurance Tax received or projected to be received by the Commonwealth and deposited into the Priority Transportation Fund in each respective year.

Sources: Commonwealth of Virginia Department of Accounts, Department of Motor Vehicles, and Department of Taxation.

**The Transportation Board makes no representation that the General Assembly will maintain or continue to make transfers to the Priority Transportation Fund or that the General Assembly will not repeal or materially modify the legislation creating the Priority Transportation Fund or imposing the taxes of which the collections are deposited into the Priority Transportation Fund. Without limiting the generality of the foregoing statement, the provisions of Chapter 896 which generate additional revenue for the Transportation Trust Fund, of which the Priority Transportation Fund is a part, shall expire on December 31 of any year in which the General Assembly appropriates any of the revenues designated under general law to the Transportation Trust Fund for any non-transportation related purpose.**

**Required Payments from the Priority Transportation Fund**

Debt service payments on the Capital Projects Revenue Bonds shall be paid from the Priority Transportation Fund, subject to the availability of funds therein and their appropriation therefrom by the General Assembly. See the sections "The Bonds – Limited Obligations" and "Sources of Payment and Security for the Bonds." In addition, as discussed in the section "Authorized, Issued and Unissued Bonds Payable from Transportation Trust Fund – Federal Highway Reimbursement Anticipation Notes," any amounts needed to offset the use of funds of the Transportation Trust Fund to make debt service payments on the Commonwealth of Virginia Federal Highway Reimbursement Anticipation Notes (the "FRANs") shall be provided from the Priority Transportation Fund to the extent funds are available.

The following table shows the principal and interest requirements on all of the outstanding FRANs for each fiscal year, which figures are based on monthly deposits to the FRANs debt service fund.

**FRANs Debt Service Requirements**

<u>Fiscal Year</u>	<u>Fiscal Year Total Debt Service</u>
2012	\$98,584,053
2013	48,423,063
2014	31,715,775
2015	31,717,220
2016	7,925,392

While funds in the Priority Transportation Fund may be utilized to offset the impact of the FRANs debt service payments on the Transportation Trust Fund, security for the FRANs program is provided from reimbursements received from the Federal-Aid Highway Program created under Title 23 of the United States Code. See the section "Authorized, Issued and Unissued Bonds Payable from Transportation Trust Fund – Federal Highway Reimbursement Anticipation Notes."

### DEBT SERVICE REQUIREMENTS

The following table sets forth for the fiscal years ending each June 30 the amounts needed in each annual period for payment of principal of and interest on the Capital Projects Revenue Bonds, as of the date of the issuance of the Bonds. The Bonds are the third Series of Capital Projects Revenue Bonds to be issued. Upon the issuance of the Bonds, there will be \$\_\_\_\_\_ in aggregate principal amount of Capital Projects Revenue Bonds Outstanding, consisting of \$\_\_\_\_\_ in aggregate principal amount of the Bonds and \$\_\_\_\_\_ in aggregate principal amount of Capital Projects Revenue Bonds currently Outstanding. For a description of the debt service requirements of bonds that may be paid from the Priority Transportation Fund other than the Capital Projects Revenue Bonds, see the section "Priority Transportation Fund – Required Payments from the Priority Transportation Fund."

Fiscal Year	Outstanding Bond Debt Service*	2012 Bond Principal	2012 Bond Interest	2012 Bond Debt Service	Total Fiscal Year Debt Service
2012	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2013	_____				
2014	_____				
2015	_____				
2016	_____				
2017	_____				
2018	_____				
2019	_____				
2020	_____				
2021	_____				
2022	_____				
2023	_____				
2024	_____				
2025	_____				
2026	_____				
2027	_____				
2028	_____				
2029	_____				
2030	_____				
2031	_____				
2032	_____				
2033	_____				
2034	_____				
2035	_____				
2036	_____				

\* Amounts shown are net of the expected subsidy payments from the U.S. Treasury for the Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2010A-2 (Federally Taxable – Build America Bonds), which are Capital Projects Revenue Bonds issued as Build America Bonds in the original principal amount of \$407,150,000.

## TRANSPORTATION TRUST FUND

### General

The Transportation Trust Fund was established by the General Assembly in Chapters 11, 12, 13 and 15 of the Acts of the Assembly, 1986 Special Session (the "1986 Special Session Acts"), as a special nonreverting fund administered and allocated by the Transportation Board for the purpose of increased funding for construction and other capital needs of state highways, airports, mass transit and ports. The Transportation Trust Fund is funded primarily from additional revenues generated by increases in the retail sales and use tax, motor fuels tax and motor vehicle related taxes and fees effected by the 1986 Special Session Acts and designated for deposit in the Transportation Trust Fund. The 1986 Special Session Acts allocated 85 percent of these additional revenues to highway purposes with the balance being divided among airports (2.4 percent), mass transit (8.4 percent) and ports (4.2 percent). Legislation passed by the General Assembly in the 1998 Regular Session revised the formula for distribution of funds to the mass transit fund, increasing the allocation from 8.4 percent to 14.5 percent for the fiscal year 1999 and to 14.7 percent for the fiscal year 2000 and thereafter and thereby changing the allocation to highway purposes from 85 percent to 78.9 percent in fiscal year 1999 and to 78.7 percent for fiscal year 2000 and thereafter. The investment of money in the Transportation Trust Fund is administered by the State Treasurer under guidelines adopted by the Transportation Board. The Transportation Board has adopted the same guidelines as the Treasury Board for the investment of public funds. In its 2000 Regular Session, the General Assembly established the Priority Transportation Fund as a special, non-reverting fund of the Transportation Trust Fund and provided for its funding from a portion of the annual license tax imposed on insurance companies doing business in the Commonwealth and several other taxes and revenues. See the section above "*Priority Transportation Fund*."

**The Transportation Board makes no representation that the General Assembly will maintain the Transportation Trust Fund or that the General Assembly will not repeal or materially modify the 1986 Special Session Acts. See the subsection below "Sources of Revenues – Economic Conditions Affecting the Commonwealth".**

### Highway Maintenance and Operating Fund

Until January 1, 1987, both construction and maintenance of the Commonwealth's highway system were funded through the Highway Maintenance and Construction Fund. Upon the enactment of the 1986 Special Session Acts, money for construction and maintenance was separated into two funds; the Transportation Trust Fund became the source of funds for new construction, while the Highway Maintenance and Operating Fund (the "HMO Fund") was created as successor to the Highway Maintenance and Construction Fund for maintenance.

The HMO Fund receives certain motor vehicle related taxes and fees (principally the motor fuels tax, vehicle sales tax, vehicle registration fees and vehicle license fees) at the rates in effect before the 1986 Special Session Acts, while the increase in these taxes and fees is directed to the Transportation Trust Fund. See the subsection below "*Sources of Revenues*." In the fiscal year ending June 30, 2011, the HMO Fund received \$1.4 billion in such taxes and fees.

The construction funds available for allocation in fiscal years 2012 through 2017 Six-Year Improvement Program (the "Current SYIP") were reduced by \$447.8 million in fiscal year 2012 to provide the revenues needed to meet the obligations of the HMO Fund which includes the maintenance and operations of Virginia's highways. An additional \$\_\_\_\_\_ in construction revenues are projected to be transferred to the HMO Fund in fiscal years 2013 through 2017.

### Highway Allocation Formula

The Transportation Board is required by Virginia Code to allocate each year all funds made available for highway purposes in accordance with the priorities established by §33.1-23.1 of the Virginia Code. Highway funds are allocated first for maintenance of interstate, primary, secondary and certain local roads and highways, administrative and general expenses, and other payments. Funds are then allocated to provide the required interstate matching funds and for the paving of unpaved secondary roads. Of the remaining funds, 40% is allocated to the primary system and 30% percent each to the urban and secondary systems.

Primary system funds are apportioned among the nine highway construction districts based on a formula taking into account the following factors weighted as indicated: vehicle miles traveled on primary routes (70%), primary road lane mileage (25%) and need as determined by the Transportation Board (5%). Funds for the urban system are distributed based on population, and secondary system funds are distributed based on population (80%) and land

area (20%). The Transportation Board determines the projects on which primary system funds are spent. Secondary system funds are distributed to the counties for allocation while urban funds are distributed to cities for project designation. The General Assembly may, in the Appropriation Act, permit the Governor to make changes in the allocation formula set forth in §33.1-23.1 of the Virginia Code to increase amounts allocated to highway maintenance or highway construction or both.

Based on the current revenue outlook and following the priorities established by §33.1-23.1 of the Virginia Code, no construction funding is available for distribution through the Highway Allocation Formula during the Current SYIP.

### Sources of Revenues

The following table summarizes the actual revenues for the fiscal years ending June 30, 2006 through 2011, and the projected revenues for the fiscal year ending June 30, 2012, received or to be received in the Transportation Trust Fund.

### Total Transportation Trust Fund Revenues – All Modes (in millions)

Fiscal Year Ending June 30:	2006	2007	2008	2009	2010	2011	2012 <sup>5</sup>
Retail Sales and Use Tax	\$476.3	\$517.3	\$524.9	\$499.4	\$490.7	\$477.3	\$504.8
Motor Vehicle Sales and Use Tax <sup>1</sup>	238.5	238.5	217.9	172.6	184.3	207.3	213.7
Motor Fuel Taxes <sup>2</sup>	118.4	118.0	122.4	116.8	115.0	117.7	114.9
Motor Vehicle Registration Fees	21.1	21.2	21.3	21.6	20.7	21.2	21.3
Recordation Tax <sup>3</sup>	-	-	-	23.8	23.5	23.3	25.6
Investment Income	31.3	42.5	55.6	23.7	19.9	16.3	17.2
Priority Transportation Fund <sup>4</sup>	<u>27.4</u>	<u>31.4</u>	<u>26.5</u>	<u>156.3</u>	<u>152.2</u>	<u>152.3</u>	<u>159.5</u>
<b>Total Transportation Trust Fund Revenues</b>	<b><u>\$912.9</u></b>	<b><u>\$969.0</u></b>	<b><u>\$968.7</u></b>	<b><u>\$1,014.2</u></b>	<b><u>\$1,006.2</u></b>	<b><u>\$1,015.4</u></b>	<b><u>\$1,057.0</u></b>

<sup>1</sup> Motor Vehicle Sales and Use Tax and Motor Vehicle Rental Tax.

<sup>2</sup> Motor Fuel Tax, Special Fuel Tax, Aviation Special Fuel Tax and Road Tax.

<sup>3</sup> Reflects the deposits into the Transportation Trust Fund on and after July 1, 2008 from the revenues collected each fiscal year from \$0.02 of the total state recordation taxes imposed pursuant to §§ 58.1-801 and 58.1-803 of the Virginia Code.

<sup>4</sup> Reflects the deposits into the Priority Transportation Fund on and after July 1, 2008 of one-third of the revenues of the Insurance Tax and incremental motor fuels tax revenues (as described in the subsection below "Priority Transportation Fund Revenues"). Amounts shown include estimated investment income.

<sup>5</sup> Projected based on the Commonwealth Transportation Fund Forecast released in December 2011.

Sources: Department of Accounts and Department of Motor Vehicles for fiscal years 2006 through 2011. Department of Motor Vehicles, Department of Taxation and Department of Transportation for revenue estimates for fiscal year 2012.

The following is a brief description of the taxes and fees that are designated for deposit into the Transportation Trust Fund.

**Retail Sales and Use Tax.** The retail sales tax is imposed on every transaction involving (1) the business of selling at retail or distributing tangible personal property in the Commonwealth; (2) the leasing or rental of tangible personal property as part of an established business; (3) the storing for use or consumption in the Commonwealth of any item or article of tangible personal property or leasing or renting such property within the Commonwealth; (4) the furnishing of transient accommodations; or (5) the selling of certain services. The tax on sales is based on the gross sales price of each item or article of tangible personal property. The seller collects the tax from the customer by separately stating the amount of the tax and adding it to the sales price or charge. The tax on accommodations,

leases and rentals, which is based upon the lessor's gross proceeds from the leases and rentals, is collected by the lessor by separately stating the amount of tax and adding it to the charge made to the lessee. The tax on items or articles of tangible personal property stored in the Commonwealth for use or consumption in the Commonwealth is based on the cost price of each item or article. The tax on taxable services is based on the gross sales of services.

The use tax is imposed on the use or consumption of tangible personal property in the Commonwealth, or the storage of such property outside the Commonwealth for use or consumption in the Commonwealth. This tax applies to (1) tangible personal property purchased outside the Commonwealth that would have been subject to sales tax if purchased in the Commonwealth and (2) purchases, leases or rentals made in the Commonwealth if the sales tax was not paid at the time of purchase, lease or rental. In general, the tax is based on the cost price of each item or article of tangible personal property used or consumed in the Commonwealth or the cost price of each item or article of tangible personal property stored outside the Commonwealth for use or consumption in the Commonwealth. The Virginia Code provides various exclusions and exemptions to the retail sales and the use tax.

The state and local retail sales and use taxes were increased from 4.0% to 4.5% by the General Assembly in the 1986 Special Session Acts, and increased again in 2004 from 4.5% to 5.0%. The 1986 Special Session designated the tax revenues from a 0.5% sales and use tax to the Transportation Trust Fund.

***Motor Vehicle Sales and Use Tax.*** A tax based on the gross sales price or gross proceeds is levied upon the sale or use of motor vehicles in the Commonwealth, other than a sale to or use by a person for rental as an established business or part of an established business or incidental or germane to such business.

The tax applies to the sale price of motor vehicles, mobile homes and mobile offices sold in the Commonwealth, with the exceptions noted above, and to the sale price of motor vehicles, mobile homes and mobile offices not sold in the Commonwealth but used or stored for use in the Commonwealth. Under Commonwealth law, certain motor vehicles are exempt from the sales and use tax. In general, the minimum tax levied on the sale of any motor vehicle in the Commonwealth is \$35.00.

The tax on the sale or use of a motor vehicle is paid by the purchaser or user of the new motor vehicle and collected by the Commissioner of the Department of Motor Vehicles at the time the owner applies to that Department for, and obtains, a certificate of title. No tax is levied or collected upon the sale or use of a motor vehicle for which no certificate is required by the Commonwealth.

As a result of the 1986 Special Session Acts, this tax increased from 2.0% to 3.0%, effective January 1, 1987. Since then, the General Assembly has appropriated the net additional revenues generated by the increase to the Transportation Trust Fund.

***Motor Fuels Tax.*** A tax is levied on motor fuels sold and delivered or used in the Commonwealth. Certain categories of motor fuels, however, are exempt from this tax under Virginia Code § 58.1-2226, including, but not limited to, fuel for the exclusive use of the governments of the United States, the Commonwealth and the Commonwealth's political subdivisions and diesel fuel used for certain purposes. The motor fuels tax is collected by and paid to the Commonwealth only once in respect to any motor fuels. All aviation motor fuels that are sold and delivered or used in the Commonwealth are taxed. Synthetic motor fuel produced in the Commonwealth from coal is subject to an incremental tax. Likewise, motor fuels refined in the Commonwealth exclusively from crude oil produced in the Commonwealth in a refinery meeting certain specifications are subject to an incremental tax.

Each dealer or limited dealer in motor fuels must file monthly a report with the Commissioner of the Department of Motor Vehicles showing, among other things, the quantity of motor fuels and aviation fuel used, sold, or delivered during the preceding month. The tax must be paid at the time the report is rendered to the Commissioner.

These motor fuels taxes increased 2.5 cents per gallon as a result of the 1986 Special Session Acts. The motor fuels tax on gasoline increased from 15 to 17.5 cents per gallon. The increase took effect on January 1, 1987. Since then, the General Assembly has appropriated the net additional revenues generated by the increase to the Transportation Trust Fund.

***Motor Vehicle Annual Registration Fees.*** The annual registration fee collected by the Commissioner of the Department of Motor Vehicles for all motor vehicles, trailers and semi-trailers was increased \$3 per vehicle by the 1986 Special Session Acts, and the General Assembly appropriated the net additional revenues from this fee increase to the Transportation Trust Fund.

**Other Motor Vehicle Related Taxes.** The General Assembly increased certain other taxes and appropriated the net additional revenues generated from the increase to the Transportation Trust Fund. These taxes include a motor vehicle rental tax, a special fuel tax, an aviation special fuel tax and a road tax.

**Recordation Taxes.** Recordation taxes are imposed on every deed and deed of trust (mortgage) admitted to record in the Commonwealth subject to certain exceptions and exemptions. Chapter 896 of the Acts of Assembly, 2007 Regular Session, effective July 1, 2008, provides that, of the state recordation taxes imposed pursuant to §§ 58.1-801 and 58.1-803 of the Virginia Code, the revenues collected each fiscal year from \$0.02 of the total tax imposed under each section are deposited into the Transportation Trust Fund.

**Priority Transportation Fund Revenues.** Since July 1, 2008, the Priority Transportation Fund has been funded primarily by one-third of the revenues of the annual license tax imposed on insurance companies doing business in the Commonwealth under Chapter 25 of Title 58.1 of the Virginia Code. See the section "*Transportation Trust Fund – General*".

### **Economic Conditions Affecting the Transportation Trust Fund**

The availability of revenues in the Transportation Trust Fund is dependent on a number of economic factors. The bulk of such revenues consists of the motor fuels taxes and retail sales and use taxes described above in this Section, which may fluctuate based on, among other things, the condition of the Commonwealth and national economies, population growth, income and employment levels, levels of tourism, weather conditions, fuel prices, road conditions, and the availability of alternate modes of transportation. There can be no assurance that downturns in any of the numerous factors affecting these revenues will not significantly affect the availability of revenues in the Transportation Trust Fund to make timely payments on the Bonds if tax collections and other elements of the Priority Transportation Fund are not available therefor. See Appendix C, "Commonwealth of Virginia, Demographic and Economic Information" for certain information regarding some of these factors.

**There is no assurance that any of these taxes or fees will remain in effect or that they will continue at their current levels. The General Assembly is under no obligation to continue the appropriation of the net additional revenues generated by the 1986 Special Session Acts to the Transportation Trust Fund.**

[Reserved for Recent Developments and Current Budget Situation]

## **AUTHORIZED, ISSUED AND UNISSUED BONDS PAYABLE FROM TRANSPORTATION TRUST FUND**

The General Assembly has enacted from time to time legislation providing for the issuance of revenue bonds for transportation facilities which are payable from various sources, including appropriations from the Priority Transportation Fund and the other parts of the Transportation Trust Fund. Set forth below are descriptions of the financing programs for highway projects, the bonds for which the General Assembly has committed, subject to appropriation, to pay from Transportation Trust Fund revenues. The descriptions include the credit structure of and the authorized, issued and unissued bonds under each such program. **The Transportation Board makes no representation that the General Assembly will maintain the Transportation Trust Fund or that the General Assembly will not repeal or materially modify the statutes governing any of the programs described below, including the amount of bonds authorized thereunder, or the Transportation Trust Fund.** See the sections "*Transportation Trust Fund – General*" and "*Transportation Trust Fund – Sources of Revenues – Historical and Projected Transportation Trust Fund Revenues*".

### **Transportation Revenue Bonds**

**Northern Virginia Transportation District Program.** The General Assembly enacted legislation in 1993, as amended in the 1994, 1998, 1999, 2002 and the 2005 Regular Sessions ("NVTD Bond Legislation") that authorized the Transportation Board to issue Transportation Revenue Bonds ("NVTD Bonds"), pursuant to the Revenue Bond Act, as amended, in the amount of \$500,200,000, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses for certain projects in the Northern Virginia Highway Construction District (the "NVTD Program"). Refunding bonds are not included in this limit. It is expected that revenue for payment of the debt service on the NVTD Bonds will be provided from funds appropriated by the General Assembly from (i) the Northern Virginia Transportation District Fund (the "NVTD Fund"), (ii) to the extent required, funds appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or the city or county in which the project or projects to be financed by the NVTD Bonds are located, (iii) to the extent required, legally available revenues of the Transportation Trust Fund, and (iv)

such other funds which may be appropriated by the General Assembly. The legislation creating the NVTD Fund currently provides that annually on July 1, there is to be transferred to the NVTD Fund, subject to appropriation by the General Assembly, (1) a portion of the collections of the state recordation taxes that are attributable to the Cities of Alexandria, Fairfax, Falls Church, Manassas and Manassas Park and the Counties of Arlington, Fairfax, Loudoun, and Prince William (the "NVTD Jurisdictions"), (2) any public rights-of-way use fees appropriated by the General Assembly, (3) any state or local revenues which may be deposited to the NVTD Fund pursuant to a contract between an NVTD Jurisdiction and the Transportation Board, and (4) any other funds as may be appropriated by the General Assembly and designated for the NVTD Fund and all earnings on the NVTD Fund. Since its first issuance in 1993, the Transportation Board has issued \$477,870,000 in NVTD Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of the NVTD Program plus an additional \$381,595,000 to refund NVTD Bonds that had been previously issued. Of the total amount of NVTD Bonds issued, \$295,210,000 is currently outstanding.

***U.S. Route 58 Corridor Development Program.*** The General Assembly enacted legislation in 1989, as amended in the 1999 Regular Session ("U.S. Route 58 Bond Legislation"), that authorized the Transportation Board to issue Transportation Revenue Bonds ("U.S. Route 58 Bonds"), pursuant to the Revenue Bond Act, in an amount not to exceed \$704,300,000, plus an amount for issuance costs, reserve funds and other financing expenses, to finance a portion of the costs of the development of a modern, safe and efficient highway system generally along the U.S. Route 58 Corridor ("U.S. Route 58 Program"). Refunding bonds are not included in this limit. The U.S. Route 58 Bonds are payable from funds appropriated by the General Assembly from (i) the first \$40,000,000 of annual collections of the state recordation taxes imposed on deeds, deeds of trust, mortgages and certain other instruments, (ii) to the extent required, other revenues legally available from the Transportation Trust Fund, and (iii) to the extent required, other legally available funds. Since its first issuance in 1989, the Transportation Board has issued \$720,110,000 in U.S. Route 58 Bonds, which includes amounts to cover issuance costs, reserve funds, and other financing expenses, to finance the costs of U.S. Route 58 Program plus an additional \$741,815,000 to refund U.S. Route 58 Bonds that had been previously issued. The Transportation Board has issued all the U.S. Route 58 Bonds authorized, not including refunding bonds, under the U.S. Route 58 Bond Legislation. Of the total amount of U.S. Route 58 Bonds issued, \$378,070,000 is currently outstanding.

***Transportation Improvement Program Set-Aside Fund.*** The 1993 Session of the General Assembly also authorized the creation of the Transportation Improvement Program Set-aside Fund (the "Set-aside Fund") for transportation improvements endorsed by the requesting local jurisdiction or jurisdictions affected and to provide for the issuance of Transportation Program Revenue Bonds pursuant to the Revenue Bond Act to finance those improvements. The jurisdiction or jurisdictions requesting participation in the Set-aside Fund and the issuance of bonds must agree that certain distributions of state recordation taxes attributable to them be deposited in the Set-aside Fund by the State Treasurer and used to pay debt service on any Transportation Program Revenue Bonds issued by the Transportation Board to finance the cost of the improvements. Before any bonds may be issued, the improvements to be financed must be approved by the General Assembly.

If amounts in the Set-Aside Fund are insufficient to pay debt service on Transportation Program Revenue Bonds, such Transportation Program Revenue Bonds may be paid, subject to appropriation, from Transportation Trust Fund revenues.

The 1994 Session of the General Assembly authorized the issuance of \$32,500,000 Transportation Program Revenue Bonds, plus an additional amount for issuance costs, capitalized interest, reserve funds and other financing expenses, to finance the cost of the Oak Grove Connector project. In July 1997, the Transportation Board issued bonds to finance the Oak Grove Connector, a portion of which was refunded by the Transportation Program Revenue Bonds Series 2006A, of which \$17,190,000 is currently outstanding. These Transportation Program Revenue Bonds are the only bonds authorized to be paid from the Set-aside Fund.

***Transportation Contract Revenue Bonds.*** In the 1988 Regular Session, the General Assembly enacted legislation which authorized the Transportation Board to issue Transportation Contract Revenue Bonds pursuant to the Revenue Bond Act in an amount not to exceed \$160,700,000 to finance the costs of Phase I of the Route 28 project, plus an amount for issuance costs, reserve funds and other financing expenses. Due to a subsequent reduction in the estimated Phase I cost, the Transportation Board issued \$138,483,372.25 of Transportation Contract Revenue Bonds, Series 1988 (the "Series 1988 Bonds"). The balance of the authorization was not required to complete Phase I of the Route 28 project. In the 1990 Session, the General Assembly amended the legislation to permit any proceeds of the Series 1988 Bonds remaining after the completion of Phase I and any of the unissued Transportation Contract Revenue Bonds authorized under the legislation to be applied to Phase II of the Route 28 project. No other bonds have been authorized for Phase II. In 1992, the Transportation Board refunded all of the outstanding Series 1988 Bonds by issuing \$111,680,000 of Transportation Contract Revenue Bonds, Series 1992

(the "Series 1992 Bonds"). The 1993 Session of the General Assembly provided for the rezoning of commercial and industrial property within the Route 28 Transportation Improvement District to residential property provided the property owner makes a one-time payment equal to the projected tax revenues over the life of the Series 1992 Bonds as if the property had remained zoned for commercial or industrial use. In October 2002, the Transportation Board issued bonds in the amount of \$83,820,000 to refund the outstanding principal balance on the Series 1992 Bonds and issued Transportation Contract Revenue Bonds in the amount of \$36,823,667.45 to finance a portion of the costs of Phase II improvements plus an amount for issuance costs. These Transportation Contract Revenue Bonds were issued under a new Master Indenture of Trust, dated as of October 1, 2002 (the "Route 28 Indenture"), with security features similar to those for the Series 1988 Bonds and Series 1992 Bonds. The Series 2002 Bonds are payable from funds appropriated by the General Assembly for such purpose from the following three sources: (1) special tax revenues collected from a tax levied on commercial and industrial property in the Route 28 Transportation Improvement District, (2) money appropriated and allocated, pursuant to the highway allocation formula as provided by law, to the Northern Virginia Highway Construction District or to the Counties of Fairfax or Loudoun, and (3) other legally available money in the Transportation Trust Fund. In the Route 28 Indenture, the Transportation Board agrees that it shall issue no further notes, bonds or other evidence of indebtedness under the provisions of the Master Indenture of Trust, dated as of September 1, 1988, pursuant to which the Series 1988 Bonds and Series 1992 Bonds were issued. Of the total amount of Transportation Contract Revenue Bonds issued, \$100,500,000 is currently outstanding. The Transportation Board sold \$\_\_\_\_\_ of Transportation Contract Revenue Refunding Bonds on May 9, 2012 and will use the proceeds of such bonds to refund for debt service savings \$\_\_\_\_\_ in outstanding Contract Revenue Bonds.

**Federal Highway Reimbursement Anticipation Notes.** The General Assembly enacted legislation in the 2000 session, as amended in the 2002 and 2005 Regular Sessions, to authorize the Transportation Board by and with the approval of the Governor, to issue from time to time the FRANs in the maximum aggregate principal amount of \$1.2 billion outstanding at any one time (exclusive of any FRANs that may be issued to pay financing expenses or to refund other FRANs). Under this act, the General Assembly has designated \$2.8 billion in transportation projects that may be funded in whole or in part from the FRANs. The authorizing legislation provides that the principal sources of repayment and security for the FRANs, subject to appropriation by the General Assembly, are federal highway reimbursements and any other federal highway assistance received from time to time by the Commonwealth under the Federal Aid Highway Program created under Title 23 of the United States Code. Pursuant to the Master Indenture of Trust securing the Commonwealth of Virginia FRANs program, the Transportation Board has covenanted to transfer monthly into the FRANs debt service fund one twelfth of the amount required for the next scheduled debt service payment. The Transportation Board has also covenanted to certify annually that projected federal reimbursements for the next succeeding bond year will equal at least 1.5 times the applicable debt service requirement. If the projected federal reimbursements do not equal 1.5 times the debt service requirement, then the Transportation Board will transfer all federal reimbursements upon receipt into the debt service fund until the debt service requirement has been met. Projected federal reimbursements have exceeded the required 1.5 times debt service requirement every year since the inception of the FRANs program. Subsequent legislation, including the Appropriation Act, provides that any additional amounts needed to offset the debt service payment requirements on the Transportation Trust Fund attributable to the issuance of FRANs shall be provided from the Priority Transportation Fund to the extent available and then from the portion of the Transportation Trust Fund available for highway construction purposes.

The Transportation Board has issued three series of FRANs totaling \$1,148,320,000, of which \$176,575,000 is currently outstanding. Pursuant to Chapters 830 and 868 (HB 2527 and SB1446) of the 2011 Acts of Assembly, which became effective July 1, 2011, the authority to issue additional "new money" FRANs expired on July 1, 2011. See the section "*Priority Transportation Fund – Required Payments from the Priority Transportation Fund.*"

**Federal Transportation Grant Anticipation Revenue Notes.** In Chapters 830 and 868 (HB 2527 and SB1446) of the 2011 Acts of Assembly, which became effective July 1, 2011, the General Assembly authorized the Transportation Board by and with the consent of the Governor, to issue, pursuant to the provisions of the Revenue Bond Act, in one or more series from time to time revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Federal Transportation Grant Anticipation Revenue Notes, Series ....." ("GARVEEs"). The aggregate principal amount of GARVEEs outstanding at any time shall not exceed \$1.2 billion, less the outstanding principal amount of FRANs issued prior to July 1, 2011, and exclusive of (i) the amount of any revenue obligations that may be issued to refund GARVEEs or FRANs, and (ii) any amounts issued for financing expenses (including, without limitation, any original issue discount). The net proceeds of GARVEEs shall be used exclusively for the purpose of providing funds, together with any other available funds, for paying the costs incurred or to be incurred for construction or funding of such projects to be designated by the Transportation Board. In connection with the issuance of each series of GARVEEs, the Transportation Board shall establish a fund, which secures and is used for the payment of such series of GARVEEs. In the fund there shall be deposited such amounts,

appropriated therefor by the General Assembly, as are required to pay principal or purchase price of, and redemption premium, if any, and interest on such GARVEEs, as and when due and payable, (i) first from the federal highway reimbursements received by the Commonwealth from time to time only with respect to the project or projects to be financed by the series of GARVEEs; (ii) then, at the discretion of the Transportation Board, to the extent required, from legally available revenues of the Transportation Trust Fund; and (iii) then from such other funds, if any, which are designated by the General Assembly for such purpose.

On February 16, 2012, the Transportation Board issued GARVEEs in the original principal amount of \$297,590,000 (the "2012A GARVEEs") pursuant to a Master Trust Indenture dated as of February 1, 2012 (the "GARVEE Master Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of February 1, 2012 (the "GARVEE First Supplemental Indenture", collectively with the GARVEE Master Indenture, the "GARVEE Indenture") each between the Transportation Board and U.S. Bank National Association, as trustee. Substantially all of the proceeds from the sale of the 2012A GARVEEs are expected to be used to pay costs associated with the Downtown Tunnel/Midtown Tunnel, Martin Luther King Freeway Extension Project in the cities of Norfolk and Portsmouth (the "2012A GARVEE Project") as well as to pay the costs of issuance of the 2012A GARVEEs. A portion of the proceeds from the sale of the 2012A GARVEEs were deposited into a project fund established by the GARVEE Indenture from which fund the Transportation Board expects to requisition funds to pay the costs of the 2012A GARVEE Project.

**COMMONWEALTH TRANSPORTATION BOARD,  
VIRGINIA DEPARTMENT OF TRANSPORTATION, AND VIRGINIA DEPARTMENT  
OF RAIL AND PUBLIC TRANSPORTATION**

**Commonwealth Transportation Board**

The Transportation Board consists of 17 members, including the Secretary of Transportation of the Commonwealth, the Commissioner of Highways, the Director of the Department of Rail and Public Transportation, and fourteen citizen members from various areas of the Commonwealth appointed by the Governor, subject to confirmation by the General Assembly. One member is chosen from each of the Commonwealth's nine highway construction districts, three members are selected as urban at-large members and two members are selected as rural at-large members. In addition to representing rural and urban transportation needs, the at-large members represent the interests of seaport, airport, railway and mass transit users. The Chairman of the Transportation Board is the Secretary of Transportation. The Vice Chairman is the Commissioner of Highways, who is also the chief executive officer of the Virginia Department of Transportation. The current membership of the Transportation Board, the expiration dates of their terms and the constituency represented by each member are as follows:

<u>Member</u>	<u>Term Expires</u>	<u>Constituency</u>
Sean T. Connaughton	At the Pleasure of the Governor	Chairman, Transportation Board; Secretary of Transportation
Gregory A. Whirley	At the Pleasure of the Governor	Vice Chairman, Transportation Board; Commissioner of Highways
Thelma D. Drake	At the Pleasure of the Governor	Director, Department of Rail and Public Transportation
Jim D. Bowie	June 30, 2012	Bristol District
Roger Cole	June 30, 2015	Richmond District
Dr. James A. Davis	June 30, 2012	Staunton District
Hollis D. Ellis	June 30, 2013	At-Large Urban
F. Gary Garczynski	June 30, 2014	At-Large Urban
James L. Keen	June 30, 2012	At-Large Rural
J. Douglas Koelemay	June 30, 2012	Northern Virginia District
Aubrey L. Layne Jr.	June 30, 2013	Hampton Roads District
Allen L. Louderback	June 30, 2014	At-Large Rural
Dana M. Martin	June 30, 2013	Salem District
W. Sheppard Miller, III	June 30, 2014	At-Large Urban
Mark J. Peake	June 30, 2011*	Lynchburg District
James E. Rich	June 30, 2014	Culpeper District
Cord A. Sterling	June 30, 2014	Fredericksburg District

\* Although Mr. Peake's term has expired, he continues to serve on the Transportation Board until he is reappointed or a successor is appointed.

*Sean T. Connaughton* was appointed as Secretary of Transportation of the Commonwealth by Governor Robert F. McDonnell in January 2010. The Transportation Secretariat provides a wide array of products and services including road construction and repairs, rest area maintenance, regulating sea ports, airports and rail, and issuing license plates and driver's licenses. Prior to joining the McDonnell administration, Mr. Connaughton served as Corporate Vice President, Government Affairs for the American Bureau of Shipping, one of the world's leading ship and marine classification societies. He was elected Chairman At-Large of the Prince William County Board of Supervisors in 1999 and reelected in 2003. Under his chairmanship, the Prince William County Department of Transportation was created to manage, develop and update the County's transportation system. Mr. Connaughton was appointed by President George W. Bush to the position of U.S. Maritime Administrator, serving as head of the Maritime Administration, U.S. Department of Transportation, and responsible for the daily management of that agency and its promotional programs for the marine transportation industry. Mr. Connaughton is a graduate of the U.S. Merchant Marine Academy and has served in the U.S. Coast Guard as both a commissioned officer and as a civil servant in the Office of Marine Safety, Security, and Environmental Protection. He holds a master's degree from Georgetown University and a law degree from George Mason University. He lives with his family in Northern Virginia.

**Virginia Department of Transportation**

The Virginia Department of Transportation ("VDOT") has the responsibility for construction, maintenance and operation of the Commonwealth highway system under legislation enacted by the General Assembly and in accordance with policies and procedures adopted by the Transportation Board.

VDOT's budget for the fiscal year ending June 30, 2012 is approximately \$4.8 billion. As of January 5, 2012, VDOT had 112 construction projects underway for an aggregate amount of approximately \$1.8 billion, with an outstanding balance to be paid of approximately \$956,000,000 as these projects progress towards completion. Additionally, VDOT had 180 maintenance projects underway for an aggregate amount of approximately \$595,000,000, with an outstanding balance to be paid of approximately \$275,000,000 as these projects progress towards completion.

The Commonwealth has the nation's third largest system of state-maintained highways totaling approximately 58,000 miles of interstate, primary and secondary roads. The system includes approximately 20,000 bridges and culverts. In addition, independent cities and towns maintain about 11,500 miles of local streets and receive funds from the Transportation Board for such purpose.

The Commonwealth is divided geographically into nine construction districts for highway purposes as follows:

Bristol District	Hampton Roads District	Richmond District
Culpeper District	Lynchburg District	Salem District
Fredericksburg District	Northern Virginia District	Staunton District

These districts are divided into 29 residencies, each typically consisting of one to four counties. The field organization is further subdivided into 248 other locations across the Commonwealth that provide area maintenance. About 82% of VDOT's nearly 7,020 employees (as of January 9, 2012) are assigned to the field organization. The remainder is assigned to the central office in Richmond or to units associated with the central office that serves an administrative function.

**Financial Accountability and Program Delivery**

VDOT has been focused on the continuous improvement of its financial accountability and program delivery processes for nearly ten years. The agency has developed a long-term strategic vision and uses a business plan with performance goals and strategies. Transparency of operations has been enhanced through the creation of a public Dashboard, and the streamlining of operations, reorganization and the improvement of business practices have been a major focus.

Each quarter, VDOT reviews performance with the Transportation Board. Historical reporting shows that VDOT has significantly improved its project performance since initial performance tracking began with 2001 results. At that time, 20% of construction contracts were completed on time and 51% of construction contracts were completed within budget while 38% of maintenance contracts were completed on time and 59% of maintenance contracts were completed within budget. VDOT reached a major milestone in fiscal year 2007 with performance meeting or exceeding all on-time and on-budget project performance goals for that fiscal year. In fiscal year 2008, VDOT developed performance targets for all contracts (construction and maintenance combined). The on-time

target was set at 76%, and the on-budget target was set at 85%. VDOT has met those targets for three consecutive years (fiscal years 2008, 2009, and 2010). For fiscal year 2011, the agency met the on-budget goal but did not meet the on-time target as VDOT purposefully extended many contracts past their original completion date to complete more paving.

The Current SYIP for fiscal years 2012 through 2017, adopted by the Transportation Board in June 2011, is based on the official revenue forecast and cost estimates available and reflects Governor McDonnell's Transportation Omnibus Bill from the 2011 General Assembly Session. The accelerated issuance of Capital Projects Revenue Bonds and the utilization of existing authorization for the issuance of GARVEEs are reflected in the adopted Current SYIP. The program reflects the Transportation Board's commitment to citizen safety, by prioritizing critical safety and maintenance needs of the existing transportation system. The priorities of the update to the Current SYIP include: funding complete project phases, maximizing the use of federal funding, funding deficient bridges and paving projects, increasing funding for preliminary engineering and supporting development and execution of Public-Private Partnerships.

### **Virginia Department of Transportation Staff**

*Gregory A. Whirley* was named Commissioner of Highways in July 2010. Previously, he served as Acting Commonwealth Transportation Commissioner since January 2010, Chief Deputy Commissioner since 2006 and as Acting Commonwealth Transportation Commissioner in 2005. Prior to those appointments, he was the Inspector General of VDOT, a position he had held since September 2000. As Inspector General, Mr. Whirley coordinated VDOT's anti-trust and internal and external audit functions to safeguard tax-payer dollars and prevent waste, fraud and abuse. Mr. Whirley directed VDOT's Fiscal Division from 1988 to 2000, overseeing external audits and serving as controller of the agency's financial operations. In addition to his Department experience, Mr. Whirley has 15 years of corporate and non-profit organization experience. He began his career with Arthur Andersen & Co., and then moved into the financial services arena. He served as controller for the National Mental Health Association and the National Governor's Association before joining VDOT. Mr. Whirley is a graduate of Virginia State University with a degree in Accounting and is a Certified Public Accountant.

*Charles Kilpatrick* was named Chief Deputy Commissioner of VDOT on July 30, 2010. Mr. Kilpatrick is a native Virginian, raised in Fairfax County. He graduated from Virginia Tech in 1986 with a bachelor's degree in civil engineering and is a licensed professional engineer. Mr. Kilpatrick began his professional career with Fairfax County government, reviewing, and then managing, land development and public improvement projects in the county. After seven years, he joined VDOT in Fredericksburg as the Assistant Resident Engineer. He later became Resident Engineer, managing and directing land development, maintenance, and construction. During his 10-year tenure, Mr. Kilpatrick became a Leadership Development and Customer Service Coach and served as the Chair of the Statewide Resident Engineers Committee. In 2004, Mr. Kilpatrick left state service to work for the Silver Companies, a major mixed-use and commercial development company headquartered in Fredericksburg and Boca Raton, Fla. As the Vice President for Construction, he managed all commercial construction activities in Virginia. These projects included significant public roadway and infrastructure improvements, as well as innovative financing techniques.

*John W. Lawson* became VDOT's Chief Financial Officer in October 2010. In his position, he oversees the agency's \$4.8 billion budget and is responsible for the leadership and execution of the agency's financial planning and fiscal management programs. Mr. Lawson holds an associate degree of science and arts from Rappahannock Community College, a bachelor's in accounting from Christopher Newport University, and is a graduate of the Virginia Executive Institute. Mr. Lawson worked as an accountant with Engineering Incorporated in Hampton before joining VDOT in 1987. He has served in several financial positions with VDOT in the fiscal and financial planning divisions, rising to become the Director of Financial Planning, a position he held since 2001. He has served in a senior advisor role to several administrations and has provided strategic financial oversight to VDOT's senior management for more than two decades.

### **Virginia Department of Rail and Public Transportation**

The Virginia Department of Rail and Public Transportation ("DRPT"), is one of the agencies that is part of the Transportation Secretariat. DRPT works closely with VDOT. Each of DRPT's three primary areas of activity (rail, public transportation, and commuter services) focuses on the movement of people and goods throughout the Commonwealth.

Rail transportation involves the movement of people and goods on railways owned and operated by private railroad companies. There are more than a dozen railroad companies and services in the Commonwealth, including Norfolk Southern, CSX, Amtrak, VRE, and ten shortline railroads. Freight rail programs help ensure the economic vitality of businesses and communities with a cost-effective, reliable way to bring goods to market, while passenger rail programs relieve congestion on highways and offer travelers more transportation choices. DRPT supports both passenger and freight rail initiatives through funding options, expert advice, research, and advocacy. To safeguard the Commonwealth's connections to the national rail network, DRPT represents the state's interests in interstate and national rail issues.

Public transportation systems help manage traffic congestion and provide transportation choices while safely transporting people to destinations across the Commonwealth. There are sixty seven public transportation systems in the Commonwealth that range in size from two-bus programs in small towns to larger regional systems like WMATA (Metrorail) in Northern Virginia and HRT in Hampton Roads. Some systems are fee-based, while others provide free access for the elderly and disabled. There are forty-nine human transportation services in Virginia. By advising, supporting and funding public transportation programs statewide, DRPT helps provide safe, reliable transportation options for everyone.

Commuter services programs work to promote carpools, vanpools, tele-work and other alternative modes of transportation to the Commonwealth's commuters. These programs not only save people (and employers) time and money, they can also help manage traffic congestion and benefit the environment. DRPT currently partners with eighteen commuter service programs operating in the Commonwealth to provide people with information, business incentives, and ride matching services at no charge.

#### **DRPT Staff**

***Thelma D. Drake*** was named Director of DPRT in January 2010. Ms. Drake is a former member of the U.S. House of Representatives (2005-2008) and Virginia's House of Delegates (1996-2004). Ms. Drake's Congressional committee assignments included House Armed Services; Transportation and Infrastructure; Resources; and Education and Workforce. In the Virginia House of Delegates, she served on Transportation; General Laws; Corporations, Insurance and Banking; and Finance Committees. She also chaired the Virginia Housing Study Commission and served on the Chesapeake Bay Commission. Ms. Drake has over 30 years of experience and success in the real estate profession. Ms. Drake and her husband are the owners of the Hampton Roads Home Team currently associated with William E. Wood and Associates Realtors. She had been associated with RE/MAX Allegiance Realty and Coldwell Banker Gifford Realty, both in Norfolk. Previously, Ms. Drake was a consultant with FutureLaw, a law firm headquartered in Richmond, Virginia. She was the coordinator of FutureLaw's Renewable Energy Team and a member of the Tax Exempt Bond Financing, Commercial Real Estate, Real Estate Workout and Economic Development Teams.

***William S. Pittard*** was selected to become the Chief Financial Officer of DRPT in September 2004. He oversees DRPT's \$450 million annual budget as well as DRPT's activities and initiatives in finance, audit, general accounting, information technology, and procurement. Mr. Pittard previously served in financial management positions with the Virginia Information Technologies Agency and the Virginia Department of Accounts. Additionally, he has five years of experience with the public accounting firm KPMG. Mr. Pittard earned a B.S. in Commerce from the University of Virginia in 1987, and he is a certified public accountant and a certified government financial manager.

### **SUMMARY OF THE INDENTURE**

The following, in addition to the information presented in the sections "*Bonds*" and "*Sources of Payment and Security for the Bonds*," summarizes certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Indenture and any additional supplemental agreements in their entireties, copies of which may be obtained at the office of the Transportation Board. See the section "*Miscellaneous*."

***Definitions.*** In addition to the terms previously defined in this Official Statement, the following words used in this summary will have the following meanings unless a different meaning clearly appears from the context:

**"Account"** means any account established in a Fund with respect to a Related Series of Bonds or otherwise pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**"Act"** means, collectively, the Commonwealth Transportation Capital Projects Bond Act of 2007, enactment clause 2 of Chapter 896 of the Acts of the General Assembly of the Commonwealth of Virginia 2007 Regular Session, as amended; Item 459.H. of Chapter 781 of the Acts of the General Assembly of the Commonwealth of Virginia, 2009 Regular Session, as amended; and Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended by Chapter 890 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session.

**"Agency Obligations"** means senior debt obligations of U.S. government-sponsored agencies that are not backed by the full faith and credit of the U.S. government, including, but not limited to, Federal Home Loan Mortgage Corporation debt obligations, Farm Credit System consolidated system wide bonds and notes, Federal Home Loan Banks consolidated debt obligations, Federal National Mortgage Association debt obligations, Student Loan Marketing Association debt obligations, Resolution Funding Corporation debt obligations, and U.S. Agency for International Development guaranteed notes.

**"Amortization Requirement,"** as applied to any Term Bonds of any maturity for any Bond Year, means the principal amount or amounts fixed by, or computed in accordance with the terms of, the Related Supplemental Indenture for the retirement of such Term Bonds by mandatory purchase or redemption on the Principal Payment Date or Dates established by such Supplemental Indenture.

**"Ancillary Contract"** means any type of contract or arrangement that the Transportation Board determines is to be used, or is intended to be used, to manage or reduce the cost of any indebtedness on any Bonds or to convert any indebtedness on all or any portion of a Series of Bonds from one form to another, including, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; or (iv) any type of contract called, or designed to perform the function of, interest rate floors or caps, options, puts or calls or to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate or other financial risk.

**"Ancillary Contract Counterparty"** means, with respect to an Ancillary Contract, the Person that is identified in such agreement as the counterparty to, or contracting party with, the Transportation Board.

**"Ancillary Contract Obligation"** means an obligation of the Transportation Board to make payments to an Ancillary Contract Counterparty pursuant to an Ancillary Contract.

**"Board Obligations"** means any bonds or other evidences of obligations that the Transportation Board is permitted to issue under the Act, including, but not limited to, the Bonds, Parity Obligations, Reimbursement Obligations, Ancillary Contract Obligations, and Subordinate Obligations.

**"Board Representative"** means the Chairman or the Vice-Chairman of the Transportation Board and any other member, officer or employee of the Transportation Board authorized by resolution of the Transportation Board to perform the act or sign the document in question.

**"Bond" or "Bonds"** means any or all Commonwealth of Virginia Transportation Capital Projects Revenue Bonds issued pursuant to Article V of the Master Indenture and any or all Bond Anticipation Notes.

**"Bond Anticipation Notes"** means notes issued by the Transportation Board in anticipation of the sale of the Bonds, as authorized in Section 8 of the Act and issued pursuant to Article V of the Master Indenture.

**"Bond Counsel"** means (i) McGuireWoods LLP or (ii) other Counsel selected by the Office of the Attorney General of the Commonwealth that is nationally recognized as experienced in matters relating to obligations issued or incurred by states and other governmental entities.

**"Bond Credit Facility"** means a line of credit, letter of credit, standby bond purchase agreement, municipal bond insurance or similar credit enhancement or liquidity facility established to provide credit or liquidity support for all or any portion of a Series of Bonds as provided in the Related Supplemental Indenture.

**"Bond Credit Provider"** means, as to all or any portion of a Series of Bonds, the Person providing a Bond Credit Facility, as designated in the Related Supplemental Indenture in respect of such Bonds.

**"Bond Debt Service Fund"** means the Bond Debt Service Fund established pursuant to Section 7.1 of the Master Indenture and required by Section 11 of the Act.

**"Capital Appreciation Bonds"** means Bonds the interest on which is compounded and accumulated at the rates and on the dates set forth in the Related Supplemental Indenture and is payable upon redemption or on the maturity date of such Bonds or on the date, if any, upon which such Bonds become Current Interest Bonds.

**"Commonwealth"** means the Commonwealth of Virginia.

**"Cost of Issuance Fund"** means the Cost of Issuance Fund established with respect to a Series of Bonds as provided in Section 7.1 of the Master Indenture.

**"Counsel"** means any attorney or firm of attorneys, who or which may be Bond Counsel or counsel for the Transportation Board or the Trustee.

**"Current Interest Bonds"** means Bonds the interest on which is payable currently on the Interest Payment Dates provided therefor in the Related Supplemental Indenture.

**"Custodian"** means a bank or trust company that is (i) organized and existing under the laws of the United States or any of its states and (ii) acceptable to the Trustee.

**"Defeasance Obligations"** means noncallable (i) Agency Obligations, (ii) Government Obligations, (iii) Government Certificates, (iv) Defeased Municipal Obligations, and (v) Defeased Municipal Obligation Certificates.

**"Defeased Municipal Obligation Certificates"** means evidence of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a Custodian.

**"Defeased Municipal Obligations"** means obligations of the Commonwealth or any county, city, town, district, authority, agency, political subdivision or other public body of the Commonwealth, which are rated in the highest rating category by any Rating Agency, provision for the payment of the principal of and interest on which has been made by the deposit with a trustee or escrow agent of Government Obligations or Government Certificates, the maturing principal of and interest on which, when due and payable, will provide sufficient money to pay the principal of, redemption premium, if any, and interest on such obligations.

**"Department"** means the Virginia Department of Transportation, an executive agency of the Commonwealth.

**"Escrow Fund"** means an escrow fund relating to a Series of Refunding Bonds that may be established pursuant to the Related Supplemental Indenture and Sections 7.2 and 7.9 of the Master Indenture.

**"Event of Default"** means any of the events enumerated in Section 10.1 of the Master Indenture.

**"Fiscal Year"** means the twelve-month period commencing on July 1 of one year and ending on June 30 of the following year or such other twelve-month period as may be designated by the Transportation Board from time to time in writing by the Transportation Board to the Trustee.

**"Fund"** means any fund established pursuant to the terms of the Master Indenture or any Supplemental Indenture.

**"General Assembly"** means the General Assembly of the Commonwealth.

**"Government Certificates"** mean certificates representing ownership of United States Treasury bond principal at maturity or interest coupons for accrued periods, which bonds or coupons are held in the capacity of custodian by a Custodian that is independent of the seller of such certificates.

**"Government Obligations"** means direct obligations of, or obligations the payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America.

**"Interest Payment Date"** means, with respect to each Series of Bonds, each date as provided by the Related Supplemental Indenture on which interest is payable.

**"Interest Requirement"** means, for any Interest Payment Date, as applied to all of the Current Interest Bonds or a portion thereof, the total of the interest regularly scheduled to become due on such Bonds on such Interest Payment Date. Interest expense shall be excluded from the definition of Interest Requirement to the extent that proceeds of any Bonds are held by the Trustee to pay such interest. Unless the Transportation Board shall otherwise provide in a Supplemental Indenture, interest expense on Bond Credit Facilities drawn upon to purchase but not to

retire Bonds, to the extent such interest exceeds the interest otherwise payable on such Bonds, shall not be included in the determination of an Interest Requirement.

**"Majority Owners"** means the Owners of at least 51% of the aggregate principal amount of the Bonds Outstanding.

**"Master Indenture"** means the Master Indenture of Trust dated as of May 1, 2010, between the Transportation Board and the Trustee, as the same may be modified, altered, amended and supplemented in accordance with its terms by one or more Supplemental Indentures.

**"Officer's Certificate"** means a certificate signed by a Board Representative and filed with the Trustee.

**"Opinion of Bond Counsel"** means a written opinion of Bond Counsel.

**"Opinion of Counsel"** means a written opinion of Counsel.

**"Optional Tender Bonds"** means any Bonds issued under the Master Indenture a feature of which is an option on the part of the Owners of such Bonds to tender to the Transportation Board, or to the Trustee or other fiduciary for such Owners, or to an agent of any of the foregoing, all or a portion of such Bonds for payment or purchase.

**"Outstanding"** when used in reference to the Bonds and as of a particular date, means all Bonds authenticated and delivered under the Master Indenture except:

Any Bond canceled or required to be canceled by the Trustee at or before such date;

Any Bond in lieu of or in substitution for which another Bond shall have been authenticated and delivered under the Master Indenture;

Any Bond deemed paid under Article IX of the Master Indenture except that any such Bond shall be considered Outstanding until its maturity or redemption date only for the purpose of actually being paid and for purposes of Articles III and IV and Section 6.1 of the Master Indenture (or the corresponding provisions of the Related Supplemental Indenture, as the case may be); and

Any Bond not deemed Outstanding under, but only to the extent provided for in, Section 12.2 of the Master Indenture.

**"Owner"** means the registered owner of any Bond.

**"Parity Obligations"** means any Board Obligations, other than the Bonds, incurred in accordance with Section 5.6 of the Master Indenture, which are secured on a parity with the Bonds. Parity Obligations may include, without limitation, Reimbursement Obligations and Ancillary Contract Obligations.

**"Payment Agreement"** means the agreement by and among the Transportation Board, the Treasury Board and the Secretary of Finance of the Commonwealth, dated as of May 1, 2010, providing for the request for appropriation of funds from the General Assembly and payments of such funds to the Trustee for payment of debt service on the Bonds, as the same may be modified, altered, amended and supplemented in accordance with its terms.

**"Payment Date"** means a date that is an Interest Payment Date or a Principal Payment Date or both.

**"Person"** means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

**"Principal"** means (i) with respect to a Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest) except when used in connection with the authorization and issuance of Bonds and with the order of priority of payments of Bonds after an Event of Default in which case "principal" means the initial public offering price of the Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest) and (ii) with respect to the principal amount of any Current Interest Bond, the principal amount of such Bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

**"Principal and Interest Requirements"** for any Payment Date or for any period means the sum of the Principal Requirements and the Interest Requirements for such date or such period, respectively.

**"Principal Payment Date"** means, with respect to each Series of Bonds, each date provided by the Related Supplemental Indenture upon which the principal amount of any Bond is stated to mature or upon which the principal of any Term Bond is subject to redemption in satisfaction of an Amortization Requirement.

**"Principal Requirement"** means for any Principal Payment Date, as applied to all Bonds or a portion thereof, the total of the principal regularly scheduled to become due on such Principal Payment Date. Principal payments shall be excluded from the definition of Principal Requirement to the extent that proceeds of any Bonds are held by the Trustee to pay such Principal.

**"Priority Transportation Fund"** means the Priority Transportation Fund established by Section 33.1-23.03:8 of the Virginia Code.

**"Project"** means any transportation project for which the net proceeds of the Bonds may be used to provide funds pursuant to the Act.

**"Project Fund"** means the Project Fund to be established as provided in Section 7.1 of the Master Indenture.

**"Rating Agency"** means, with respect to any Bonds Outstanding, any nationally recognized credit rating agency if and for so long as such rating agency, at the request of the Transportation Board, maintains a rating on such Bonds.

**"Rating Confirmation"** means written evidence that no rating that has been requested by the Transportation Board and is then in effect from a Rating Agency with respect to a Bond will be withdrawn, reduced, or suspended solely as a result of an action to be taken hereunder.

**"Rebate Amount"** means the liability of the Transportation Board under Section 148 of the Tax Code (including any "yield reduction payments") with respect to any Series of Bonds as may be calculated or specified (including with such reserves or error margin as the Transportation Board may deem appropriate) in accordance with the Related Supplemental Indenture or the Related Tax Compliance Agreement.

**"Rebate Fund"** means the Rebate Fund to be established with respect to a Series of Bonds as provided in Section 7.1.

**"Refunding Bonds"** shall have the meaning set forth in Section 5.3.

**"Reimbursement Fund"** means the Reimbursement Fund Related to a Series of Bonds that may be established by the Related Supplemental Indenture and Section 7.2 hereof.

**"Reimbursement Obligations"** means any reimbursement or payment obligations of the Transportation Board for which moneys in the Reimbursement Fund are pledged or payable pursuant to the provisions of the Master Indenture or any Supplemental Indenture.

**"Related"** as the context may require, means (i) when used with respect to any Cost of Issuance Fund, Escrow Fund, Rebate Fund or Reimbursement Fund, the Fund so designated and established by the Master Indenture and the Supplemental Indenture authorizing a particular Series of Bonds, (ii) when used with respect to a Supplemental Indenture, the Supplemental Indenture authorizing a particular Series of Bonds, or Supplemental Indenture related thereto, (iii) when used with respect to a Bond Credit Facility or Reimbursement Obligation, the Bond Credit Facility securing a particular Series of Bonds and the Reimbursement Obligation entered into in connection therewith or (iv) when used with respect to an Ancillary Contract or an Ancillary Contract Obligation, the Ancillary Contract applicable to a particular Series of Bonds and the Ancillary Contract Obligation entered into in connection therewith.

**"Revenue Stabilization Fund"** means the Revenue Stabilization Fund established pursuant to Section 7.9 of the Master Indenture and Section 4.1 of the Second Supplemental Indenture.

**"Revenues"** means monies appropriated by the General Assembly from time to time for the payment of the Bonds (i) from revenues deposited into the Priority Transportation Fund pursuant to Section 33.1-23.03:8 of the Virginia Code, (ii) to the extent required, from revenues legally available from the Transportation Trust Fund, and (iii) to the extent required, from any legally available funds.

**"Subordinate Obligations"** means any Board Obligations that are made specifically subordinate as to payment and security to the Bonds and the Parity Obligations. Subordinate Obligations may include, without limitation, Reimbursement Obligations and Ancillary Contract Obligations.

**"Second Supplemental Indenture"** means the Second Supplemental Indenture of Trust dated as of May 1, 2011, between the Transportation Board and the Trustee.

**"Serial Bonds"** means the Bonds of a Series that are stated to mature in semiannual or annual installments and that are so designated in the Related Supplemental Indenture.

**"Series"** means all of the Bonds of a particular series authenticated and delivered pursuant to the Master Indenture and the Related Supplemental Indenture and identified as such pursuant to such Supplemental Indenture, and any Bonds of such Series thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Master Indenture and such Supplemental Indenture, regardless of variations in lien status, maturity, interest rate, sinking fund installments or other provisions.

**"State Revenue Bond Act"** means Sections 33.1-267 *et seq.* of the Virginia Code.

**"Supplemental Indenture"** means any indenture supplementary to or amendatory of the Master Indenture or any Supplemental Indenture now or hereafter duly executed and delivered in accordance with the provisions of the Master Indenture.

**"Tax Code"** means the Internal Revenue Code of 1986, as amended, as in effect upon the issuance of and thereafter applicable to any Series of Bonds and the regulations of the U.S. Department of the Treasury promulgated thereunder as in effect upon the issuance of and thereafter applicable to any Series of Bonds.

**"Tax Compliance Agreement"** means, with respect to any Series of Bonds, the Federal Tax Certificate and Compliance Agreement, dated the date of the issuance of the Related Series of Bonds, between the Transportation Board and the Trustee, as the same may be modified, altered, amended or supplemented pursuant to its terms.

**"Term Bonds"** means all or some of the Bonds of a Series, other than Serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Related Supplemental Indenture.

**"Transportation Board"** means the Commonwealth Transportation Board, created and existing under the laws of the Commonwealth, and its successors and assigns.

**"Transportation Trust Fund"** means the Transportation Trust Fund established pursuant to Section 33.1-23.03:1 of the Virginia Code.

**"Treasury Board"** means the Treasury Board of the Commonwealth, created and existing under the laws of the Commonwealth, and its successors and assigns.

**"Trustee"** means Wells Fargo Bank, National Association, and its successors serving in the same capacity under the Master Indenture.

**"Variable Rate Bonds"** means any Bonds the interest rate on which is not established, at the time such Bonds are issued, at a single numerical rate for the entire term of the Bonds.

**"Virginia Code"** means the Code of Virginia of 1950, as amended, and any successor provisions of law.

**Bond Debt Service Fund.** Pursuant to the Act, the Transportation Board established the Bond Debt Service Fund under the Master Indenture to secure and be used to pay the debt service on the Capital Projects Revenue Bonds when due, to the credit of which there will be deposited amounts, subject to appropriation by the General Assembly, from (i) revenues deposited into the Priority Transportation Fund; (ii) revenues legally available from Transportation Trust Fund; and (iii) any other legally available funds.

**Revenue Stabilization Fund.** At one time or from time to time, the Transportation Board may cause funds to be transferred from the Priority Transportation Fund and deposited in the Revenue Stabilization Fund to secure and be used to pay the debt service on the Capital Projects Revenue Bonds pursuant to a direction to the Trustee set forth in a Supplemental Indenture or an Officer's Certificate.

**Permitted Investments.** Subject to the provisions of any Supplemental Indenture, any amounts held in any Fund or Account established by the Master Indenture or any Supplemental Indenture may be separately invested and reinvested by the Trustee, at the request of and as directed in writing by the State Treasurer after consultation with a Board Representative, in any investments which are at the time legal investments for public funds of the type to be invested under Virginia law, including without limitation the Act and the Investment of Public Funds Act, Chapter 45, Title 2.2 of the Virginia Code, as amended, or any successor provision of law.

**Covenants with Bond Credit Providers.** The Transportation Board may make such covenants as it may, in its sole discretion determine to be appropriate, with any Bond Credit Provider that shall agree to provide for Bonds of any one or more Series a Bond Credit Facility that shall enhance the security or the value of such Bonds and thereby reduce the Principal and Interest Requirements on such Bonds. Such covenants may be set forth in the Related Supplemental Indenture or other Supplemental Indenture and shall be binding on the Transportation Board, the Trustee, and the Owners of the Bonds the same as if such covenants were set forth in full in the Master Indenture.

**Events of Default and Remedies upon Default.** Each of the following events shall constitute an Event of Default under the Master Indenture: (1) default in the payment of any installment of interest in respect of the Bonds of any Series as the same shall become due and payable; (2) default in the payment of the principal of or premium, if any, in respect of the Bonds of any Series as the same shall become due and payable either at maturity, upon redemption, or otherwise; (3) default in the payment of any Amortization Requirement in respect of any Term Bond as the same shall become due and payable; (4) subject to certain provisions of the Master Indenture, failure on the part of the Transportation Board duly to observe or perform any other of the covenants or agreements on the part of the Transportation Board contained in the Master Indenture, a Supplemental Indenture, a Tax Compliance Agreement, or any Bond; or (5) appointment by a court of competent jurisdiction of a receiver for all or any substantial part of the Revenues and the other Funds and Accounts pledged pursuant to the Master Indenture, or the filing by the Transportation Board of any petition for reorganization of the Transportation Board or rearrangement or readjustment of the obligations of the Transportation Board under the provisions of any applicable bankruptcy or insolvency law.

Notwithstanding any other provision of the Master Indenture, failure to pay the principal or any Amortization Requirement of or interest on any Subordinate Obligation will not constitute an Event of Default with respect to any of the Bonds or Parity Obligations.

The Transportation Board may, pursuant to a Supplemental Indenture, provide for a particular Series of Bonds different or additional Events of Default and remedies upon the occurrence thereof including, but not limited to, Events of Default upon the occurrence of events specified in any agreement entered into in connection with the delivery of a Bond Credit Facility or an Ancillary Contract and acceleration of the full principal amount of such Bonds.

The principal of and interest on the Bonds is not subject to acceleration upon the occurrence or the continuation of an Event of Default.

Upon the occurrence and continuation of an Event of Default, the Trustee may, in its discretion, and shall, at the written request of the Majority Owners of the Bonds Outstanding and subject to certain provisions of the Master Indenture, pursue any available remedy, at law or in equity, to remedy any Event of Default.

Notwithstanding anything in the Master Indenture or any Supplemental Indenture to the contrary, upon the occurrence and continuation of an Event of Default, the Majority Owners of the Bonds Outstanding shall, subject to certain provisions of the Master Indenture, have the right, by an instrument in writing executed and delivered to the Trustee, to control and direct all actions of the Trustee in remedying such Event of Default, provided that such direction is in accordance with law and the Master Indenture and that the Trustee shall have the right to decline to follow any such direction which, in the sole judgment of the Trustee, would be unduly prejudicial to the rights of Owners not joining in such direction. Notwithstanding the foregoing, the Trustee shall have the right to select and retain Counsel of its choosing to represent it in any such remedial proceedings and the Trustee may take any other action which is not inconsistent with any direction given by the Majority Owners to the Trustee under this Section.

Regardless of the happening of an Event of Default, the Trustee, if requested in writing by the Owners of not less than twenty-five percent in aggregate principal amount of the Bonds then Outstanding, shall upon being indemnified to its satisfaction therefore, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security hereunder by any acts or omissions to act which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Owners, provided that

such request is in accordance with law and the provisions hereof and, in the sole judgment of the Trustee, is not unduly prejudicial to the interest of the Owners of Bonds not making such request.

Notwithstanding any other provision of the Master Indenture, so long as any Bonds or Parity Obligations are Outstanding, no owner or holder of any Subordinate Obligation may exercise any remedy under the Master Indenture or any Supplemental Indenture.

**Defeasance of Bonds.** If the Transportation Board shall pay or provide for the payment of the entire indebtedness on all Bonds Outstanding in any one or more of the following ways: (1) by paying or causing to be paid the principal of and premium, if any, and interest on such Bonds, as and when the same shall become due and payable; (2) by delivering such Bonds to the Trustee for cancellation; or (3) by depositing with the Trustee (or an escrow agent), in trust, cash and/or Defeasance Obligations in such amount as will, together with the income or increment to accrue thereon (the "Payment Amount"), be fully sufficient to pay or redeem (when redeemable) and discharge the indebtedness on all Bonds Outstanding at or before their respective maturity dates, without consideration of any reinvestment of the Payment Amount, as a firm of nationally-recognized independent verification agents or a firm of independent certified public accountants shall verify to the Trustee's satisfaction; and if the Transportation Board shall pay or provide for the payment of (on the date of defeasance or over time) all other sums payable hereunder by the Transportation Board, and if any of the Bonds Outstanding are to be redeemed before their maturity, notice of such redemption shall have been given as provided in the Master Indenture (and the corresponding sections of the Supplemental Indentures) or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the Master Indenture and the estate and rights granted hereunder (except for the provisions of the Master Indenture regarding the general terms and conditions of the Bonds and the redemption of the Bonds (and the corresponding sections of the Supplemental Indentures) and payment of the Bonds) shall cease, determine, and become null and void. Thereupon the Trustee shall, upon receipt by the Trustee of an Officer's Certificate and an Opinion of Bond Counsel each stating that in the opinion of the signers all conditions precedent to the satisfaction and discharge of the Master Indenture as provided above have been complied with, forthwith execute proper instruments acknowledging satisfaction of and discharging the Master Indenture (except for the provisions of the Master Indenture regarding the general terms and conditions of the Bonds and the redemption of the Bonds (and the corresponding sections of the Supplemental Indentures) and payment of the Bonds) and the lien hereof.

Any moneys, securities, or other property remaining on deposit in any of the Funds or Accounts established by the Master Indenture and held by the Trustee (except the cash and/or Defeasance Obligations deposited in trust as above provided) shall, upon the full satisfaction of the Master Indenture as provided above, forthwith be distributed to the Transportation Board.

**Amendments and Supplemental Indentures.** The Transportation Board and the Trustee may, without the consent of, or notice to, any of the Owners of the Bonds, enter into such Supplemental Indenture or Supplemental Indentures as shall not be inconsistent with the terms and provisions of the Master Indenture or any Supplemental Indenture for any one or more of the following purposes:

- (a) To cure or correct any ambiguity, formal defect, omission or inconsistent provision in the Master Indenture or in a Supplemental Indenture;
- (b) To grant to or confer on the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred on the Owners or the Trustee or either of them;
- (c) To subject to the lien and pledge of the Master Indenture additional revenues, properties or collateral;
- (d) To provide for the issuance of coupon Bonds if authorized under the Related Supplemental Indenture;
- (e) To amend certain provisions of the Master Indenture or any Supplemental Indenture in any manner consistent with Sections 103 and 141 through 150 of the Tax Code (or such other hereinafter enacted sections of the Tax Code as may be applicable to the Bonds) as in effect at the time of the amendment;
- (f) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Master Indenture or any Supplemental Indenture, of the Revenues or any other moneys, property or Funds or Accounts;
- (g) To modify, amend or supplement the Master Indenture or any Supplemental Indenture as required to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, or to permit the qualification of any of the Bonds for sale under the securities laws of any of the states of the United States, and, if the Transportation Board and the Trustee so determine, to add to the

Master Indenture or any Supplemental Indenture such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939, as amended, or similar federal statute;

(h) To add to the covenants and agreements of the Transportation Board contained in the Master Indenture or any Supplemental Indenture other covenants and agreements thereafter to be observed for the Owners' protection, including, but not limited to, additional requirements imposed by virtue of a change of law, or to surrender or to limit any right, power or authority therein reserved to or conferred upon the Transportation Board;

(i) To amend, modify or change the terms of any agreements governing any book-entry-only system for any of the Bonds;

(j) To provide for the issuance of additional Series of Bonds (including Refunding Bonds) or any Subordinate Obligations, and to provide for such other related matters as may be required or contemplated by or appropriate under the Master Indenture;

(k) To provide for the issuance of Parity Obligations that, as expressed in a finding or determination by the Transportation Board (which shall be stated in the Related Supplemental Indenture, and may be based on an Opinion of Bond Counsel or the written opinion of the Transportation Board's financial advisor), would not materially affect the security for the Bonds adversely;

(l) To make any changes necessary to comply with the requirements of a Rating Agency, a Bond Credit Provider, or an Ancillary Contract Counterparty that, as expressed in a finding or determination by the Transportation Board (which shall be stated in the Related Supplemental Indenture, and may be based on an Opinion of Bond Counsel or the written opinion of the Transportation Board's financial advisor), would not materially adversely affect the security for the Bonds;

(m) To make any other changes that (i) will have no adverse effect upon the ratings currently assigned to the Bonds by any Rating Agency, as expressed in a Rating Confirmation or (ii) shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding, as expressed in a determination or finding by the Transportation Board (which shall be stated in the Supplemental Indenture, and may be based upon an Opinion of Bond Counsel or the written opinion of the Transportation Board's financial advisor); and

(n) To restate in one document the Master Indenture and all Supplemental Indentures, which restatement shall then become the Master Indenture for all purposes, effective as of the date of the Master Indenture with respect to matters set forth therein and as of the date of any Supplemental Indenture included in the restatement as to matters set forth in any such Supplemental Indenture. Supplemental Indentures and the Bonds issued thereunder prior to a restatement shall be deemed to relate to the restated Master Indenture without any further action or amendment.

Exclusive of Supplemental Indentures covered above and subject to the terms and provisions contained in this Section, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right from time to time, notwithstanding any other provision of this Indenture, to consent to and approve the execution by the Transportation Board and the Trustee of such other Supplemental Indenture or Supplemental Indentures as the Transportation Board shall deem necessary or desirable to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the Master Indenture or in any Supplemental Indenture; provided, however, that without the consent and approval of the Owners of all of the affected Bonds then Outstanding nothing in the Master Indenture shall permit, or be construed as permitting (i) an extension of the maturity of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest on it, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as otherwise provided herein, or (iv) a reduction in the aggregate principal amount of Bonds required for consent to such Supplemental Indenture.

If at any time the Transportation Board shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of the Supplemental Indenture to be mailed to each Owner of Bonds then Outstanding by registered or certified mail to the address of each such Owner as it appears on the registration books for the Bonds; provided, however, that failure to give such notice by mailing, or any defect in it, shall not affect the validity of any proceedings under this Section. Such notice shall briefly state the nature of the proposed Supplemental Indenture and shall state that copies of it are on file at the Trustee's designated corporate trust office for inspection by all Owners. If, within six months or such longer period as shall be prescribed by the Transportation Board following the giving of such notice, the Owners of a majority in aggregate principal amount of

Bonds then Outstanding shall have consented to and approved its execution as provided under this Section, no Owner of any Bond shall have any right to object to any of the terms and provisions contained in it, or its operation, or in any manner to question the propriety of its execution, or to enjoin or restrain the Trustee or the Transportation Board from executing such Supplemental Indenture or from taking any action under its provisions. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, the Master Indenture shall be deemed to be modified and amended in accordance therewith.

Bonds owned or held by or for the account of the Transportation Board or any Person controlling, controlled by or under common control with the Transportation Board shall not be deemed Outstanding for the purpose of consent or any calculation of Outstanding Bonds for purposes of entering into Supplemental Indentures. At the time of any such calculation, the Transportation Board shall furnish the Trustee an Officer's Certificate, upon which the Trustee may rely, describing all Bonds so to be excluded.

Anything contained in the Master Indenture to the contrary notwithstanding, the Transportation Board and the Trustee may enter into any Supplemental Indenture upon receipt of the consent of the Owners of all Bonds then Outstanding.

## **SUMMARY OF THE PAYMENT AGREEMENT**

The following, in addition to the information presented in the section "*Sources of Payment and Security for the Bonds*," summarizes certain provisions of the Payment Agreement. This summary does not purport to be comprehensive or definitive and is qualified by reference to the Payment Agreement in its entirety, copies of which may be obtained at the office of the Treasury Board or the office of the Transportation Board.

Under the Payment Agreement, the Transportation Board is obligated to do the following:

- (a) Each year and in accordance with the schedule of the Department of Planning and Budget of the Commonwealth, the Transportation Board or the Transportation Board's designee shall request that the Governor include in the budget to be delivered to the General Assembly during their next session a provision that there be appropriated Revenues sufficient to pay the Principal and Interest Requirements coming due on the Bonds and all other amounts required to be paid under the Master Indenture during the next succeeding fiscal year or biennial period, as applicable.
- (b) The Transportation Board shall use its best efforts to have (1) the Governor include, in each biennial or any supplemental budget that is presented to the General Assembly, the amounts described in (a) above and (2) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.
- (c) The Transportation Board shall provide to the Treasury Board, as and when reasonably requested by the Treasury Board, all requisitions and documents and shall take all actions necessary to have paid to the Treasury Board from Revenues appropriated as described in (a) above all amounts due under the Payment Agreement and to direct the Treasury Board to make from such funds all payments due under the Master Indenture to the Trustee on the Transfer Date.
- (d) The Transportation Board shall take all actions necessary to have payments which are made pursuant to (c) above charged against the proper appropriation made by the General Assembly.
- (e) The Transportation Board shall notify the Treasury Board, the Secretary of Finance, and the Trustee promptly upon becoming aware of any failure by the General Assembly to appropriate for the next succeeding fiscal year or biennial period, as applicable, amounts sufficient to pay all debt service on the Bonds coming due or expected to come due and all other amounts required to be paid under the Master Indenture coming due or expected to come due.

Under the Payment Agreement, the Treasury Board is obligated to do the following:

- (a) The Treasury Board shall use its best efforts to have (1) the Governor include in each biennial or any supplemental budget of the Commonwealth Revenues sufficient to pay the Principal and Interest Requirements coming due on the Bonds and all other amounts required to be paid under the Master Indenture during the next succeeding fiscal year or biennial period, as applicable, and (2) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

- (b) The Treasury Board shall use its best efforts to obtain each year the appropriate requisitions and documents needed from the Transportation Board to make all payments due under the Master Indenture to the Trustee on the Transfer Date.
- (c) The Treasury Board shall make all debt service payments on the Bonds to the Trustee on the Transfer Dates solely from moneys made available to it.
- (d) The Treasury Board shall notify the Transportation Board, the Secretary of Finance, and the Trustee promptly upon becoming aware of any failure by the General Assembly to appropriate for the next succeeding fiscal year or biennial period, as applicable, amounts sufficient to pay all debt service on the Bonds coming due or expected to come due and all other amounts required to be paid under the Master Indenture coming due or expected to come due.

Under the Payment Agreement, the Secretary of Finance is obligated to use his best efforts to have (1) the Governor include in each biennial or any supplemental budget of the Commonwealth Revenues sufficient to pay the Principal and Interest Requirements coming due on the Bonds and all other amounts required to be paid under the Master Indenture during the next succeeding fiscal year or biennial period, as applicable, and (2) the General Assembly deposit, appropriate and reappropriate, as applicable, such amounts.

The Commonwealth's budgetary process, to which the Payment Agreement provisions relate, is described in the subsection "Budgetary Process" within the section "Financial Factors" in Appendix B - Commonwealth of Virginia, Financial and Other Information.

The Trustee is a third party beneficiary of the Payment Agreement and is entitled to enforce, on behalf of the holders of the Bonds, all of the obligations of the Transportation Board and the obligations and the rights of the parties thereto to the same extent as if the Trustee were one of the contracting parties.

## **CERTAIN LEGAL MATTERS**

Certain legal matters relating to the authorization and validity of the Bonds will be subject to the approving opinion of McGuireWoods LLP, Richmond, Virginia, Bond Counsel, which will be furnished at the expense of the Transportation Board upon delivery of the Bonds, substantially in the form set forth in Appendix D. Bond Counsel's opinion will be limited to matters relating to the authorization and the validity of the Bonds and to the federal income status of interest on the Bonds, as described in the section "*Tax Matters.*" Bond Counsel has not been engaged to investigate the financial resources of the Transportation Board, the Commonwealth or the ability to provide for payment of the Bonds, and Bond Counsel's opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase the Bonds.

Certain legal matters will be passed upon for the Commonwealth by the Office of the Attorney General of Virginia.

## **TAX MATTERS**

### **Opinion of Bond Counsel—Federal Income Tax Status of Interest**

Bond Counsel's opinion will state that, under current law, interest on the Bonds (including any accrued "original issue discount" properly allocable to the owners of the Bonds) (a) is excludable from gross income for purposes of federal income taxation under Section 103 of the Code, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (a "Specific Tax Preference Item"). However, for the purpose of computing the alternative minimum tax imposed on certain corporations, interest on the Bonds must be included in determining adjusted current earnings. See "Form of Bond Counsel Opinion" in Appendix D hereto.

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

Bond Counsel's opinion speaks as of its date, is based on current legal authority and precedent, covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Transportation Board or about the effect of

future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Transportation Board has covenanted, however, to comply with the requirements of the Code.

### **Reliance and Assumptions; Effect of Certain Changes**

In delivering its opinion regarding the treatment of interest on the Bonds, Bond Counsel is relying upon certifications of representatives of the Transportation Board, the Underwriter (as hereinafter defined) and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Transportation Board. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation and not become a Specific Tax Preference Item. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the security for the Bonds and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The tax compliance agreement to be entered into by the Transportation Board with respect to the Bonds contains covenants (the "Covenants") under which the Transportation Board has agreed to comply with such requirements. Failure by the Transportation Board to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for Federal income tax purposes.

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

Certain requirements and procedures contained, incorporated or referred to in the tax compliance agreement, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the 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 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 disposing of the Bonds.

Prospective purchasers of the 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 Bonds, are in many cases required to be reported to the IRS in a manner similar to interest paid on taxable obligations. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 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 such interest from gross income for federal tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

### **Original Issue Discount**

The "original issue discount" ("OID") on any Bond is the excess of such Bond's stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of such Bond. The "issue price" of a Bond is the initial offering price to the public at

which price a substantial amount of such Bonds of the same maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers. The issue price for each maturity of the Bonds is expected to be the initial public offering price set forth on the inside front cover page of this Official Statement (or, in the case of Bonds sold on a yield basis, the initial offering price derived from such yield), but is subject to change based on actual sales. OID on the Bonds with OID (the "OID Bonds") represents interest that is excludable from gross income for purposes of federal and Virginia income taxation. However, the portion of the OID that is deemed to have accrued to the owner of an OID Bond in each year may be included in determining the alternative minimum tax and the distribution requirements of certain investment companies and may result in some of the collateral federal income tax consequences mentioned in the preceding subsection. Therefore, owners of OID Bonds should be aware that the accrual of OID in each year may result in alternative minimum tax liability, additional distribution requirements or other collateral federal and Virginia income tax consequences although the owner may not have received cash in such year.

Interest in the form of OID is treated under Section 1288 of the Code as accruing under a constant yield method that takes into account compounding on a semiannual or more frequent basis. If an OID Bond is sold or otherwise disposed of between semiannual compounding dates, then the OID which would have accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

In the case of an original owner of an OID Bond, the amount of OID that is treated as having accrued on such OID Bond is added to the owner's cost basis in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued OID will be excluded from the gross income of the recipients for federal income tax purposes. The accrual of OID and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale or redemption of such OID Bonds and with respect to state and local tax consequences of owning OID Bonds.

### **Bond 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 Bonds or an audit initiated or other enforcement or regulatory action taken by the Treasury or the IRS involving either the Bonds or other tax-exempt bonds will not have an adverse effect on the tax status or the market price of the 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 also will state that, under current law, interest on the Bonds is exempt from income taxation within the Commonwealth. Bond Counsel will express no opinion regarding (i) other Virginia tax consequences arising with respect to the Bonds or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than Virginia. Prospective purchasers of the Bonds should consult their own tax advisors regarding such other Virginia tax consequences or the tax status of interest on the Bonds in a particular state or local jurisdiction other than Virginia.

## LEGALITY FOR INVESTMENT

The 2007 Act provides that the Bonds are securities in which all public officers and bodies of the Commonwealth and its political subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees and other fiduciaries in the Commonwealth may properly and legally invest funds under their control.

No representation is made as to the eligibility of the Bonds for investment or for any other purpose under the laws of any other state.

## LITIGATION

There is no litigation now pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contest or affect the validity of the Bonds, any proceeding of the Transportation Board or the Treasury Board taken with respect to their issuance or sale, or any appropriation of funds to pay debt service on the Bonds.

See the section "*Litigation of the Commonwealth*" in Appendix B for a discussion of litigation pending against the Commonwealth.

## CERTIFICATE CONCERNING OFFICIAL STATEMENT

Concurrently with the delivery of the Bonds, officials who signed the Bonds will certify that, to the best of their knowledge, the Official Statement did not as of its date, and does not as of the date of delivery of the Bonds, contain any untrue statement of a material fact or omit to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. Such certificate will also state, however, that such officials did not independently verify the information in the Official Statement from sources other than the Transportation Board and the VDOT, but that they have no reason to believe that such information contains any untrue statement of a material fact or omits to state a material fact which should be included therein for the purpose for which the Official Statement is to be used, or which is necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

## CONTINUING DISCLOSURE

**Rule 15c2-12 in General.** Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), prohibits an underwriter from purchasing or selling municipal securities unless it has determined that the issuer of such securities and/or other persons deemed to be materially "obligated persons" (hereinafter referred to as "MOPs" and each, a "MOP") have committed to provide (i) on an annual basis, certain financial information, including when and if available audited financial information and operating data ("Annual Reports"), to the Municipal Securities Rulemaking Board (the "MSRB") via the MSRB's Electronic Municipal Market Access system ("EMMA"), the internet address of which is <http://emma.msrb.org/>, or any successor system and (ii) notice of various events described in Rule 15c2-12, if material ("Event Notices"), to the MSRB. The events described in Rule 15c2-12 which may result in Event Notices are as follows: (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity provider, or their failure to perform; (vi) 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 determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of security holders, if material; (viii) bond calls; (ix) defeasances; (x) release, substitution or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the

Transportation Board;\* (xiii) the consummation of a merger, consolidation, or acquisition involving the Transportation Board or the sale of all or substantially all of the assets of the Transportation Board, other than in the ordinary course of business, the entry into a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

**Transportation Board Continuing Disclosure.** The Transportation Board will covenant in a Continuing Disclosure Agreement in substantially the form set forth in Appendix E, for the benefit of the holders of the Bonds, to provide to the MSRB Annual Reports with respect to itself as issuer and the Capital Projects Revenue Bonds Program. Similarly, the Transportation Board will provide Event Notices to the MSRB. As of the date of this Official Statement, the Transportation Board has complied with its other undertakings regarding Rule 15c2-12.

**Commonwealth Continuing Disclosure.** The Commonwealth, which the Transportation Board has determined to be a MOP for purposes of Rule 15c2-12, will covenant in a Continuing Disclosure Agreement, in substantially the form set forth in Appendix E, to be executed prior to the issuance of the Bonds for the benefit of the holders of the Bonds, to provide to the MSRB Annual Reports with respect to the Commonwealth. Similarly, the State Treasurer will provide Event Notices to the MSRB on rating changes with respect to the Commonwealth's general obligation Bonds. The Commonwealth will represent that it is in compliance with its other undertakings regarding the Rule 15c2-12.

## RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P") assigned the Bonds ratings of \_\_\_\_, \_\_\_\_, and \_\_\_\_, respectively.

Such ratings reflect only the respective views of such organizations. Reference should be made to the individual rating agency for a fuller explanation of the significance of the rating assigned by such rating agency. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by any of the rating agencies if, in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of ratings may have an adverse effect on the market price of the Bonds.

## SALE AT COMPETITIVE BIDDING

The Bonds will be offered for sale at competitive bidding on May 23, 2012, unless changed as described in the Notice of Sale contained in Appendix F to this Official Statement. This Preliminary Official Statement has been deemed final as of its date by the Transportation Board in accordance with the meaning and requirements of Rule 15c2-12, except for the omission of certain pricing and other information permitted to be omitted by Rule 15c2-12. After the Bonds have been awarded, the Transportation Board will deem the Official Statement final as of its date, and the Official Statement as so completed will be a final official statement within the meaning of Rule 15c2-12 (the "Final Official Statement"). The Final Official Statement will include, among other matters, the identity of the winning bidder and the managers of the syndicate, if any, submitting the winning bid (the "Underwriter"), the expected selling compensation to the Underwriter of the Bonds and other information on the interest rates and offering prices or yields of the Bonds, as supplied by the Underwriter.

## FINANCIAL ADVISOR

Public Resources Advisory Group ("PRAG"), New York, New York, is serving as financial advisor to the Transportation Board on the issuance of the Bonds. PRAG has assisted in the preparation of this Official Statement and in matters relating to the planning, structuring and issuance of the Bonds and has provided other advice. PRAG is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing or trading municipal or any other negotiable instruments.

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\* The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Transportation Board in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Transportation Board, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Transportation Board.

## MISCELLANEOUS

The references in this Official Statement to the Indenture, the Payment Agreement, and other documents are brief outlines of certain of their provisions. These outlines do not purport to be complete and reference is made to such documents, copies of which will be furnished by the Transportation Board, upon request made to John W. Lawson, Chief Financial Officer, Virginia Department of Transportation, 1401 East Broad Street, Richmond, Virginia 23219 (telephone: 804-786-2707).

So far as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. All quotations from and summaries and explanations of laws contained in this Official Statement do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

The execution and delivery of this Official Statement has been duly authorized by the Transportation Board.

**COMMONWEALTH TRANSPORTATION BOARD**

By: /s/ \_\_\_\_\_  
Sean T. Connaughton, Chairman

**APPENDIX A**

**COMMONWEALTH OF VIRGINIA**

**FINANCIAL STATEMENTS OF THE COMMONWEALTH  
FOR THE YEAR ENDED JUNE 30, 2011**

**APPENDIX B**

**COMMONWEALTH OF VIRGINIA**

**FINANCIAL AND OTHER  
INFORMATION**

**APPENDIX C**

**COMMONWEALTH OF VIRGINIA**

**DEMOGRAPHIC AND ECONOMIC  
INFORMATION**

**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

*Set forth below is the proposed form of the opinion of McGuireWoods LLP, Bond Counsel, regarding the Bonds. It is preliminary and subject to change prior to the delivery of the Bonds.*

[Letterhead of McGuireWoods LLP]

June \_\_, 2012

Commonwealth Transportation Board  
Richmond, Virginia

**COMMONWEALTH TRANSPORTATION BOARD**  
\$ \_\_\_\_\_\*  
**COMMONWEALTH OF VIRGINIA**  
**Transportation Capital Projects Revenue Bonds, Series 2012**

Ladies and Gentlemen:

We have served as Bond Counsel to the Commonwealth Transportation Board (the "Transportation Board") in connection with the issuance of the Transportation Board's \$ \_\_\_\_\_\* Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series 2012 (the "Bonds"). The Bonds are issued under a Master Indenture of Trust dated as of May 1, 2010, as previously supplemented (the "Master Indenture"), and as further supplemented by a Third Supplemental Indenture of Trust dated as of June \_\_, 2012 (the "Third Supplemental Indenture" and together with the Master Indenture, the "Indenture"), each between the Transportation Board and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Unless otherwise defined herein, each capitalized term used herein shall have the meaning given to such term in the Indenture. Reference is made to the Indenture and the forms of the Bonds for certain information concerning the details of the Bonds, including payment and redemption provisions, their purpose, and the proceedings pursuant to which they are issued.

In connection with our opinion, we have examined the Constitution of Virginia, the applicable laws of both the United States and the Commonwealth, including without limitation (i) the Internal Revenue Code of 1986, as amended (the "Code"), (ii) the State Revenue Bond Act, Sections 33.1-267 *et seq.* of the Code of Virginia of 1950, as amended, (iii) enactment clause 2 of Chapter 896 of the Acts of Assembly of the 2007 Regular Session, as amended, and (iv) Item 456.H. of Chapter 874 of the Acts of the General Assembly of the Commonwealth of Virginia, 2010 Regular Session, as amended by Chapter 890 of the Acts of the General Assembly of the Commonwealth of Virginia, 2011 Regular Session, and such certified proceedings and other documents of the Transportation Board as we have deemed necessary to render this opinion.

Without undertaking to verify them by independent investigation, as to questions of fact material to this opinion we have relied on (i) representations of the Transportation Board contained in the Indenture and related documents and the certified proceedings and (ii) other certifications of public officials furnished to us.

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\* Preliminary, subject to change.

In rendering this opinion, we have assumed that all documents, certificates, and instruments relating to this financing have been duly authorized, executed, and delivered by all parties to them other than the Transportation Board, and we have further assumed the due organization, existence and powers of such parties other than the Transportation Board. In addition, we have assumed that all signatures on documents, certificates, and instruments examined by us are genuine, all documents, certificates, and instruments submitted to us as originals are authentic, and all documents, certificates, and instruments submitted to us as copies conform to the originals.

Based on the foregoing, we are of the opinion that, under current law:

(1) The Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the Commonwealth and constitute valid and binding limited obligations of the Transportation Board payable as to principal, premium, if any, and interest solely from the revenues, receipts, and funds appropriated by the General Assembly therefor and paid to the Trustee in accordance with the Payment Agreement and certain funds held under the Indenture, all as provided in the Indenture.

(2) The obligations to make payments of principal, premium, if any, and interest on the Bonds are subject to and dependent on appropriations by the General Assembly. The General Assembly is not obligated to make such appropriations. The Bonds do not create or constitute a debt or a pledge of the full faith and credit of the Commonwealth or of any of its political subdivisions.

(3) The Indenture has been duly authorized, executed, and delivered by the Transportation Board and constitutes a valid and binding obligation of the Transportation Board enforceable against the Transportation Board in accordance with its terms. The Third Supplemental Indenture is authorized by, and complies in all respects with the requirements of, the Master Indenture.

(4) The rights of the holders of the Bonds and the enforceability of the Transportation Board's obligations under the Bonds and the Indenture may be limited or otherwise affected by bankruptcy, insolvency, reorganization, moratorium, and similar laws now or hereafter in effect affecting creditors' rights. The enforceability of those rights and obligations is also subject to the exercise of judicial discretion in accordance with general principles of equity.

(5) Additional Series of Bonds may be issued from time to time hereafter under the conditions, limitations, and restrictions set forth in the Master Indenture and may be secured equally and ratably thereunder on a parity with the Bonds and other Outstanding Bonds issued under the Master Indenture.

(6) Interest on the Bonds, including any accrued "original issue discount" properly allocable to the holders of the Bonds, (i) is excludable from gross income for federal income tax purposes under Section 103 of the Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations (a "Specific Tax Preference Item"). The "original issue discount" on any of the Bonds is the excess of its stated redemption price at maturity over the initial offering price to the public at which price a substantial amount of the Bonds of the same series and maturity was sold. The "public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

In providing the opinions set forth in the preceding paragraph, we are (i) relying upon and assuming the accuracy of certifications and representations of representatives of the Transportation Board, the underwriters of the Bonds, and others as to facts material to the opinions, without undertaking to verify them by independent investigation and (ii) assuming continuing compliance with the Covenants (as defined below) by the Transportation Board, so that interest on the Bonds will remain excludable from gross income for federal income tax purposes and not become a Specific Tax Preference Item. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Bonds and the use of the property financed or refinanced by the Bonds, limitations on the source of the payment of and the

security for the Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Bonds to the United States Treasury. The Transportation Board's Federal Tax Certificate and Compliance Agreement dated the date hereof (the "Tax Certificate") contains covenants (the "Covenants") under which the Transportation Board has agreed to comply with such requirements. Failure by the Transportation Board to comply with the Covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to its date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date of issue of the Bonds.

Certain requirements and procedures contained, incorporated, or referred to in the Tax Certificate, including the Covenants, may be changed, and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such document. We express no opinion concerning the effect on the excludability of interest on the Bonds from gross income for federal tax purposes of any such subsequent change or action that may be made, taken, or omitted upon the advice or approval of counsel other than this firm.

(7) Interest on the Bonds is exempt from income taxation by the Commonwealth and any of its political subdivisions. We express no opinion regarding (i) other Commonwealth tax consequences arising with respect to the Bonds or (ii) any consequences arising with respect to the Bonds under the tax laws of any state or local jurisdiction other than the Commonwealth.

Our services as Bond Counsel have been limited to rendering the foregoing opinion based on our review of such legal proceedings as we deem necessary to opine on the validity of the Bonds and the tax-exempt status of the interest thereon and the enforceability of the above-described related documents. The foregoing opinion is in no respect an opinion as to the business or financial resources of the Transportation Board and the Commonwealth or their ability to provide for the payment of the Bonds or the accuracy or completeness of any information, including the Transportation Board's Preliminary Official Statement dated May \_\_, 2012, and Official Statement dated June \_\_, 2012, that anyone may have relied upon in making the decision to purchase the Bonds. We have not been requested to give any opinion, and therefore, we express no opinion as to the compliance by the Transportation Board or the Commonwealth with any terms and conditions that may be required as a condition to the purchase of the Bonds.

This opinion is rendered as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

[To be signed: McGuireWoods LLP]

**APPENDIX E**

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**CONTINUING DISCLOSURE UNDERTAKINGS OF THE  
COMMONWEALTH TRANSPORTATION BOARD AND THE  
COMMONWEALTH OF VIRGINIA**

**APPENDIX E**  
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**NOTICE OF SALE**

**SCHEDULING AND CONTRACT:**

***Presenting: Mark Cacamis, P.E.***  
***State Construction Engineer***

7. Action on Bids.

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**This item is currently unavailable.**