

Portsmouth Port and Industrial Commission

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Portsmouth Announces Creation of 35 New Jobs Through Sale and Development of Property

PER Properties to develop transloading facility at PPIC property on Elizabeth River

PORTSMOUTH, VA (October 18, 2010) --- Interim Mayor Bernard Griffin today announced that PER Properties will invest at least \$3.5 million to establish a transloading facility in the City of Portsmouth, creating no fewer than 35 new jobs. The company will develop this facility on property being sold by the Portsmouth Port and Industrial Commission (PPIC) and located on the Elizabeth River. The property, which is 16.5 acres and has deep water access, has been vacant for more than 20 years. Its development has been restricted by the adjacent AWI Superfund site currently being cleaned by the U.S. Environmental Protection Agency (EPA).

PER Properties will leverage the transloading facility to expand its existing export business for agricultural grain. PER is a division of Salmons, Inc., a company located in Virginia Beach where it currently operates an existing grain facility. Jim Salmons is President of Salmons, Inc.

Speaking of today's announcement, Interim Mayor Griffin said, "For several years we have been trying to find the right fit for this waterfront property. As our strategic plan indicates, it is a prime site for a facility that leverages access to a deep water channel of the Elizabeth River. After many discussions with the Salmons' team, we believe the sale and development of this property, when completed, will represent a high-water mark for the Portsmouth waterfront."

The development agreement, as approved by the PPIC, requires PER to construct facilities and equipment, including a waterfront loading facility for ships. The facility will be able to store and ship up to 5 million bushels of grain annually. The PPIC is selling the property to Salmons, Inc. for \$1.29 million and approved a \$300,000 grant spread over five years beginning when the facility is completed. The facility is expected to generate more than \$60,000 annually in tax revenues for the City.

Development of PPIC Property – Questions & Answers

What is PPIC selling and what is the intended use of the property?

PPIC is selling the property commonly referred to as the ‘Allied Site’ for \$1.29 million to PER Properties, Inc. This property contains approximately 16.5 acres and has deep water access. PER Properties is an affiliate of Salmons, Inc. of Virginia Beach. The company will develop a deep-water transloading facility to expand its existing export business for agricultural grain. PER will invest a minimum of \$3.5 million and create at least 35 jobs. The PPIC has approved a \$300,000 incentive grant spread over five years to PER Properties upon completion of the facility.

Can you provide more information about the proposed facility?

The transloading facility will, when complete, enable PER to store and ship up to 5 million bushels of grain annually. It will have the ability to accept grain by truck and by rail, and receive ships and barges to transport grain by water. Storage facilities will include both silos and flat, covered storage buildings.

How will the development of the property occur?

Since the ‘Allied Site’ is a ‘brownfield site’, the development of it is complicated by the known presence of a hazardous substance or pollutant. This property will require the development of a remediation plan, which will be done with support from EPA and the Virginia DEQ. While some preliminary reviews have been done, development of a formal remediation plan for the property will begin as soon as the sale and purchase of the property is complete. Any development of the property will not occur until this initial phase is complete.

Does Portsmouth have the ability to repurchase the property?

Yes. As with any economic development agreement there is a repurchase agreement for PPIC, and a similar provision that would allow PER Properties to sell the property back to Portsmouth. PER is proposing a great use for this property, and Portsmouth wants PER to succeed. It is the city’s intent never to repurchase this property, nor is it PER’s intent to return the property to Portsmouth.

Will the existing EPA cleanup of the Atlantic Wood Superfund site impact development?

Among several development challenges on this property is the active remediation of the AWI Superfund site. The work to clean this Superfund site will require several components that will impact the development schedule. Among these include EPA’s construction of a protective berm on the PPIC property, the construction of an off-shore containment wall that will connect with the property, the dredging of contaminated spoils in the Elizabeth River, and the construction of a containment area to store and then seal these contaminated spoils. EPA’s remediation work along the waterfront will impact when the dock and waterfront area can be constructed and completed. Until the construction of the waterfront operations occurs the facility will operate as a land-based grain facility, shipping agricultural grain by container.

Will there be any local impact?

PER Properties has agreed to operate its facility in compliance with all local and state regulations, and in a manner that minimizes impact to the general public. Deliveries of grain will occur by truck and by rail. Construction of the facility is expected to begin in December 2011, which is about when the Jordan Bridge will be completed. The construction of the bridge will minimize traffic impacts on the City of Portsmouth.

Is the company supportive of the Elizabeth River Project and its mission?

Representatives of PER Properties have met with officials from both the Elizabeth River Project and the Alliance for the Chesapeake Bay. They are committed to developing the property in a manner that protects the Elizabeth River and also minimizing the facility's impact on the River and its water quality.

Can you provide more information on Salmons, Inc.?

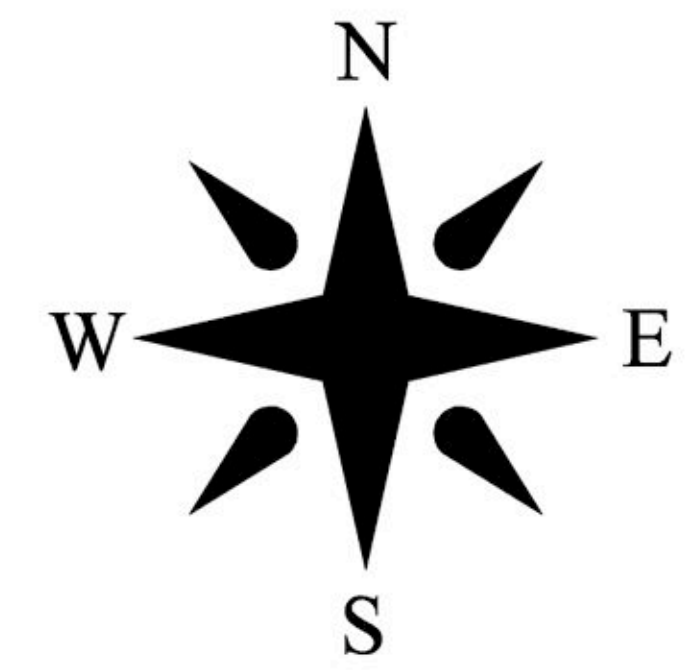
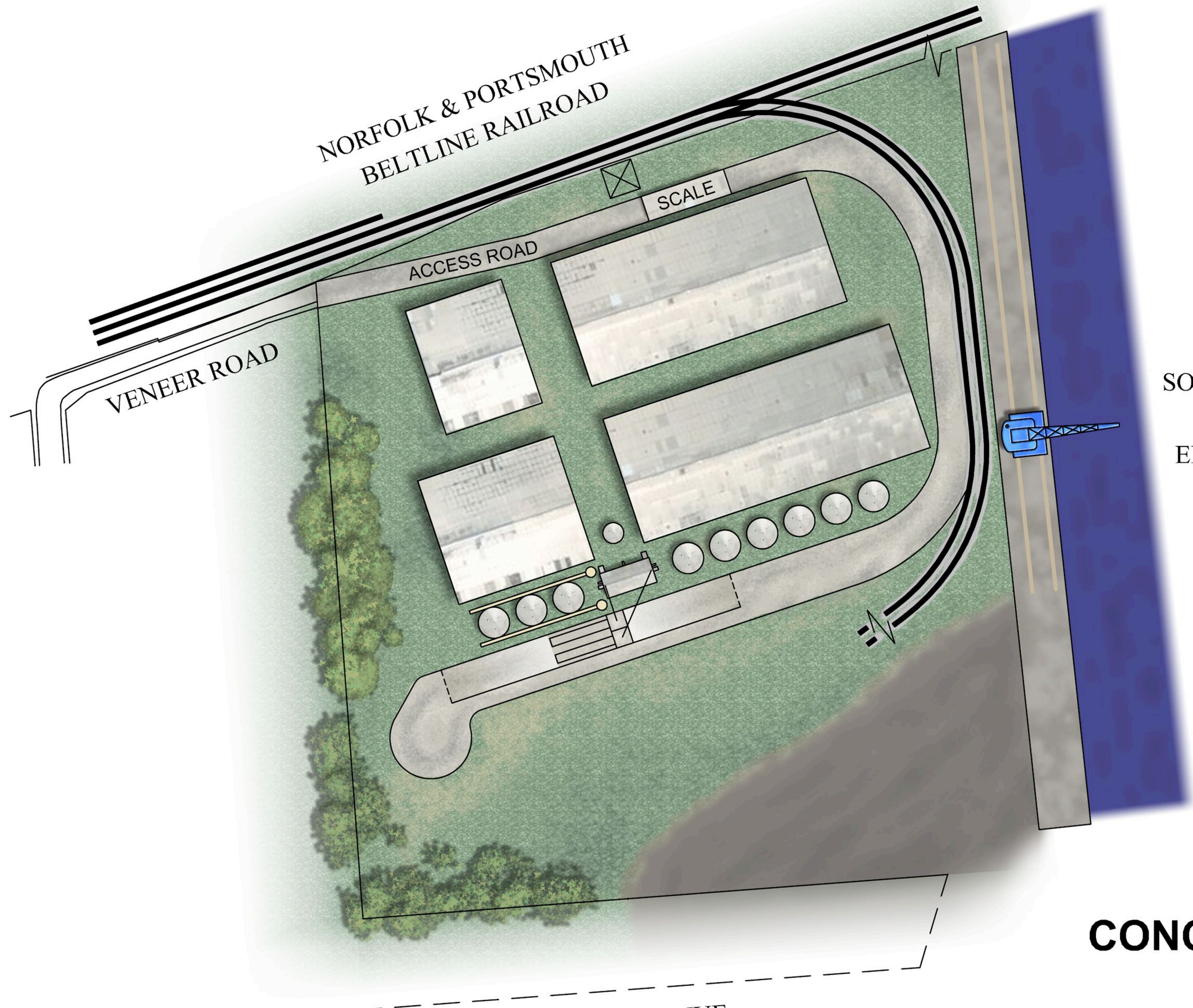
Salmons, Inc. has operated a grain facility in Virginia Beach for more than 35 years. Its principal, Jim Salmons, has a background in farming and also operates other businesses, including a transportation and land excavation company.

“We are excited about this important opportunity for our company. Our existing export business is strong, and this will allow us to enhance our ability to compete in a growing overseas market,” Jim Salmons said. “We want to thank the Portsmouth PPIC, the U.S. Environmental Protection Agency and numerous state agencies, including the Department of Environmental Quality, for their cooperation and engagement during our deliberations about this property. We are committed to investing and operating our site in a way that is good for Portsmouth and good for the Elizabeth River.”

Douglas Smith, newly appointed Chair of the PPIC, said: “The prior Commissioners for the EDA/PPIC spent many months working out the details of this business transaction; our newly constituted body commends them for their hard work. We are so pleased to see this long vacant waterfront property placed into the stream of commerce. The timing of this project means it will be the first new development in this important industrial corridor to utilize the new Jordan Bridge. This business is a perfect example of the opportunities the PPIC will pursue to enhance the City’s status as a World Class Maritime Community.”

The Honorable Todd Haymore, Virginia’s Secretary of Agriculture and Forestry, said: “Today’s announcement reflects the strength of Virginia’s agriculture business, which is Virginia’s largest industry. Facilities like the one being developed in Portsmouth means there will be more jobs and economic growth in Virginia, and importantly greater opportunities for our farmers and the products they grow.”

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SOUTHERN BRANCH
OF THE
ELIZABETH RIVER

ELM AVENUE
STATE ROUTE NO. 337

**CONCEPTUAL SITE PLAN
FOR
TRANSLOADING TERMINAL (GRAIN)**
PORTSMOUTH, VIRGINIA
(NON-BINDING)