

MINUTES

Virginia Port Authority Board of Commissioners – Public Session 393

600 World Trade Center

Norfolk, Virginia

Tuesday, May 21, 2019

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on May 21, 2019, in VPA’s Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m. The following were then in attendance:

Commissioners:

John G. Milliken, Chairman

F. Blair Wimbush, Vice Chairman

Jennifer D. Aument

J. William Cofer

Alan A. Diamonstein

Val S. McWhorter

Faith B. Power

John N. Pullen

Stephen Moret

Kim Scheeler

Louisa Strayhorn

Deborah C. Waters

Commissioners Absent:

Manju S. Ganeriwala, State Treasurer

VPA Colleagues:

John F. Reinhart, CEO and Executive Director

Sarah McCoy, General Counsel

Rodney W. Oliver, Chief Financial Officer

Joseph P. Ruddy, Chief Innovation Officer

Cathie Vick, Chief Public Affairs Officer

Matthew Barnes-Smith, Sr. Vice President, Administration Services & Compliance

Daniel Hendrickson, Vice President, Strategic Planning & Analytics

Barbara Nelson, Vice President, Government Affairs & Transportation Policy

Jay Stecher, Vice President, Marketing & Communications

Mark Thorsen, Vice President Technology/Chief Information Officer

Joe Harris, Senior Director, Media Relations

Nina Malone, Principal Economist

Wina Giddens, Director, Human Resources-Benefits & HRIS

Andrew Sinclair, Director, Federal Government Affairs

Anja Sparenberg, Director, Management Reporting & Analytics

Carla Welsh, Director, Creative Services

VPA Colleagues (continued):

Sara Burnett, Manager, Commercial Pricing
Bevan Calo, Manager, Digital Media & Traffic
Melissa Fularon, Manager, Grant Administration
Kelly Taylor, Information Technology Technician
Debra J. McNulty, Secretary to the Board

Virginia International Terminals, LLC (VIT) Colleagues:

Shawn Tibbetts, President & Chief Operations Officer
Kevin Price, Senior Vice President, Operations
Joe O'Brien, Vice President, Ocean Carrier Sales
Tony Salino, Director, Ocean Carrier Sales

Guests:

The Hon. Shannon Valentine, Secretary of Transportation
W. Brice Fiske, Office of the Attorney General
Florence Kingston, City of Newport News
Frank Borum, Atlantic Intermodal Services, LLC
JoAnne Carter, PFM Financial Advisors, LLC
Kristy Choi, PFM Financial Advisors, LLC
Wil Fedew, Virginia Maritime Association
Anne Bebeau, Vandeventer Black LLP
Bryant McGann, Vandeventer Black LLP
Paul Olsen, Old Dominion University
Savannah Pegg, DLS Engineering
Nels Sultan, Mott MacDonald
Michelle Wharton, Kimley-Horn
Bill Bateman, Savant, Ltd.

Safety Briefing and Introductions

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

I. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the regular meeting of the VPA Board, held March 26, 2019, were approved as circulated.

II. Presentations – Cathie Vick, Chief Public Affairs Officer

Presentation of Aid to Local Ports (ALP) Grant Projects and Consideration of Resolution 19-4, approving Grant Awards for FY2020

Ms. Vick presented a list of Aid to Local Ports FY20 new project grant requests and briefly described each of the six projects that were being recommended for allocation by The Port of Virginia (POV), as described in the briefing document attached to Resolution 19-4. Ms. Vick also reported recommended carryover requests that are outlined in the Resolution.

Chairman Milliken announced that Aid to Local Ports grant requests are important projects that the Board reviews annually to appropriate funds in support of Virginia's maritime and seafood partners along the shore lines of the Eastern Shore and mainland.

The Chairman asked for a motion to approve Resolution 19-4, at this time.

Action: Upon motion by Ms. Strayhorn, seconded by Mr. Diamonstein, the Board unanimously (12-0) adopted Resolution 19-4, authorizing Aid to Local Ports Funding (FY20) totaling an estimated \$1,000,000 to the City of Newport News, County of Accomack, County of Northampton, Town of Cape Charles, Town of Saxis, and Town of Wachapreague, and approved requests to carry over funds, as described in the Resolution.

Presentation of Waterway Maintenance Fund Grants and Consideration of Resolution 19-5, approving Grant Awards for FY2020

It was reminded by Ms. Vick that the first grant of the newly-established Waterway Maintenance Fund Grant program was awarded at the last Board meeting to Prince William County, as an out-of-schedule emergency grant for dredging. Ms. Vick reported that the current requests for grants include six projects that are listed on the Resolution 19-5, which she briefly described. She explained that one request from a civic league was denied.

Chairman Milliken asked for a motion to approve Resolution 19-5, at this time.

Action: Upon motion by Ms. Waters, seconded by Mr. Diamonstein, the Board unanimously (12-0) adopted Resolution 19-5, authorizing Waterway Maintenance Fund Grants (FY20) totaling an estimated \$879,379, to the County of Accomack, County of Gloucester, County of Mathews, and County of Northampton.

Mr. Diamonstein questioned if the Authority would consider requesting that the General Assembly increase Aid to Local Ports Grant funding from the current allocation of \$1 million to \$2 million. Ms. Vick advised that the allocation has never been increased but that the request

would be warranted for consideration as the grant applications have increased over the last several years. She reported she would research the matter and report back to the Board.

III. Reports of Committees

A. Executive Committee – John G. Milliken, Chairman

I. Report of Executive Committee

Chairman Milliken reported that the Executive Committee met in closed session Monday afternoon to discuss several confidential real estate matters and that there were no actions taken by the Committee.

B. Finance and Audit Committee – Faith B. Power, Committee Chair

I. Report of Finance and Audit Committee

Ms. Power announced that the Finance and Audit Committee met on Monday afternoon and received presentations from the Authority's auditor, the investment manager, and management. She reported that the auditor discussed planning the upcoming audits, the expected timing, and roles and responsibilities of management and the auditor

The Investment Manager addressed the performance of the funds under management, including credit quality of the investments and average maturity. The portfolio has an average yield to maturity of 2.71% as of March 31st.

Ms. Power advised that management addressed a number of topics, including financial results through March 31, 2019, the Authority's planned fiscal year 2020 budget, a request for approval of a new depository relationship, and a report from the Administrative Services and Compliance Division.

Ms. Power reported the following:

With regard to the request for a new depository relationship:

- Management noted that the Principal Financial Group has announced the purchase of a Division of Wells Fargo that currently holds certain funds from the Authority's investment management program.
- The Bylaws of the Authority require approval of any new depository relationships by the Finance and Audit Committee.

- The Finance and Audit Committee approved the new planned relationship resulting from the acquisition.

With regard to the report from the Administration Services and Compliance Division, management:

- Provided an update on changes to The Port of Virginia's Risk Register
- Addressed third quarter Small, Women, & Minority (SWaM) procurement results
- Discussed status of the financial system implementation and the expected benefits from the new system
- Addressed the proposed procurement of 25 additional shuttle carriers to replace the aging straddle carrier fleet at Norfolk International Terminals (NIT)

Ms. Power announced that motions to approve the FY2020 budget and the procurement of shuttle carriers would be made following the presentations by management. She turned the meeting over to Mr. Rodney Oliver at this time.

2. VPA and VIT Consolidated Financial Reports for the month ended March 31, 2019 (FY19)

Mr. Oliver reviewed operating revenues and expenses for the month ended March 31, 2019. He explained how March financials were affected by the delay of four vessels at the end of March due to heavy fog at other ports and that 7,700 volume moves and revenues shifted to the beginning of April. Mr. Oliver reported that operating expenses for March were equally affected by the delay in vessel calls.

Mr. Oliver reported that operating expenses were level with prior year which is attributed to the increase in rent payments for VIG and increase in depreciation for capital projects. For the month, Mr. Oliver reported POV had an operating loss of (-)\$2.1 million versus an anticipated gain of (+)\$4.1 million. He noted that volumes were up by (+)11.3 percent for the month of April.

Mr. Oliver reported the change in net position for the month end was (+)\$13.5 versus a budget of (+)\$16.5 million, which was on par with expectations, and that he primary drivers were federal/state grants with the largest being the NIT South grant money from the state.

Mr. Oliver reported operating revenues and expenses for the nine months ended March 31, 2019. Revenues were slightly below expectations due to less volumes from vessel delays, and the 1.3 percent volume increase contributed to the revenues being over budget expectations with higher loaded empty container storage during the fiscal year that helped contribute to the higher revenues. Operating expenses were (+)\$16.9 million favorable to budget.

Mr. Oliver reported the first nine months of the fiscal year resulted in a (-)\$1.7 million operating loss which was budgeted for a (-)\$2.6 million operating loss – still ahead of budget expectations. It was reminded by Mr. Oliver that POV projected a \$336,000 operating profit for FY19 due to the costs associated with South NIT and VIG construction, and having to utilize PMT for the overflow, resulting in higher operating expenses at that terminal. Mr. Oliver reported change in net position was (+)\$116 million versus (+)\$112.5 million and he expressed confidence that the Port will reflect a positive operating profit for FY19 year-end.

3. Presentation of VPA Consolidated FY20 Annual Budget

Mr. Oliver introduced Ms. Nina Malone at this time who, he said, was integral to the development of the FY2020 budget preparations. Mr. Oliver also noted that the FY20 budget was the most collaborative and “smoothest budget” preparations he could recall and he commended Ms. Malone and the Finance team for their work.

Ms. Malone described the three pillars which formed the basis for the 2020 fiscal year budget process:

- Volume growth based on market landscape to regain market share
- Maximize impact of new capacity and equipment
- Sustainable development and growth of port colleagues

Ms. Malone reviewed growth in container volumes, projected volumes for each port facility, and main assumptions. She explained that The Port of Virginia has not grown at the pace of other East Coast ports but that the POV sales team is aggressively pursuing business and projects 5.4 percent growth for FY2020. Ms. Malone noted that FY19 volumes are forecast to grow 4.2 percent by year-end and that POV is on track to meet that target.

Ms. Malone reviewed the FY20 Income Statement that reflected a projected operating income of (+)\$2.185 million, as of March 22, 2019, which has since been revised. She explained that Mr. Oliver would review revisions that were made to the FY2020 preliminary budget. She then reviewed revenue and expense trends from FY2015 to FY2020 budget, and run rate operating income trends.

Mr. Oliver announced that POV's new financial system was implemented on April 29, 2019. He described how the budget team looked at every department at POV and compared them with other East Coast Ports and also consulted with our auditors on a reclassification of certain budget items. He then reviewed the mapping changes that impact the FY2020 projected budget, comparing prior and post changes, resulting in a projected (revised) operating income of (+)\$4.71 million.

Mr. Oliver reviewed the Capital Outlay budget describing each of the capital projects totaling \$457,533,266 and the summary of sources. He then reviewed FY19 and FY20 bond requirements, and announced that POV has positive cash flow and is improving debt service coverage ratios.

4. Consideration of Resolution 19-6, approving the VPA FY20 Consolidated Annual Budget for the year beginning July 1, 2019 and ending June 30, 2020

Ms. Power thanked Mr. Oliver and Ms. Malone for their presentations and complimented the Finance team for “not only developing a new budget but also rolling out a new financial system, preparing for the year-end audit, and running the day-to-day activities of the Finance Department.”

Action: Upon motion by Ms. Powers, seconded by Mr. Cofer, the Board unanimously (12-0) adopted Resolution 19-6, approving the Virginia Port Authority’s consolidated annual budget for Fiscal Year 2020 (beginning July 1, 2019 and ending June 30, 2020).

Chairman Milliken remarked that The Port of Virginia’s FY2020 budget is a blueprint going forward.

A copy of the financial presentations are attached.

5. Presentation of Administrative Services and Compliance Reports – Matthew Barnes-Smith, Senior Vice President, Administrative Services & Compliance

Mr. Barnes-Smith reviewed results of the VPA’s SWaM program (small, women-owned and minority) from FY16 through third quarter FY19 which showed a significant improvement year-over-year (see attached).

Mr. Barnes-Smith announced the following real estate transactions:

- Fornazor International, Inc. – Transload operation at NIT North (\$5 million investment by Fornazor)
- Talton Marine Terminal – A five-year layberth contract between VIT and Military Sealift Command (MSC) at Newport News Marine Terminal, Pier B
- Transocean – Container stuffing operation for oil bladders arriving on rail cars. Services will be performed by VIT at Richmond Marine Terminal

At this time, Mr. Barnes-Smith, on behalf of POV management, asked for the Board's consideration to approve Resolution 19-7, for the purchase of 25 shuttle trucks. He explained that the resolution requests Board approval for the VPA to exercise the option in the contract for Eco-Shuttle trucks that are identical to the ten (10) that were just purchased for NIT. Mr. Barnes-Smith advised that the unit pricing could fluctuate depending on the U.S. Dollar to Euro exchange rate on the date of contract execution, which is noted in the resolution.

Action: Upon motion by Ms. Waters, seconded by Ms. Strayhorn, the Board unanimously (12-0) adopted Resolution 19-7, authorizing the Virginia Port Authority to enter into contract documents for the acquisition of 25 shuttle trucks.

C. Growth and Operations Committee – Alan A. Diamonstein, Committee Chair

I. Report of Growth and Operations Committee

Mr. Diamonstein reported that the Growth and Operations Committee met on Monday and heard presentations from Kevin Price, VIT's Senior Vice President, Operations, who reported on safety and operations for Shawn Tibbetts, VIT's President and Chief Operations Officer. Mr. Diamonstein announced Mr. Tibbetts' graduation last week from the Harvard Advanced Management Program and that Mr. Price oversaw port operations in his absence.

Mr. Diamonstein mentioned several of the topics that were discussed relating to safety and operations that included the OSHA Lost Work Day rate, updates on PRO-PASS, the POV-wide tracking system, progress on the truck reservation system, service movement updates and current events at Newport News Marine Terminal, Portsmouth Marine Terminal and Richmond Marine Terminal. He noted that Mr. Price provided an update on POV's combined rail volumes and rail ready dwell hours, gates volumes, turn-times, and crane productivity.

Mr. Diamonstein reported that the Committee also heard from Mr. Rich Ceci, Vice President, Technology & Project Management, who reported that all projects are tracking on schedule and on budget, and he provided detailed descriptions of progress-to-date on POV's two major projects – South NIT and VIG II expansions – and announced the arrival of two new ship-to-shore cranes for NIT which are tentatively scheduled to arrive December 2020.

Mr. Diamonstein advised that Mr. Joe O'Brien, Vice President, Ocean Carrier Sales for VIT, reported for Mr. Tom Capozzi, Chief Sales Officer who was out on business. He then introduced and welcomed VIT's new Director of Ocean Carrier Sales, Tony Salino, who was also present for the Growth and Operations Committee meeting. Mr. Diamonstein reported that Mr. O'Brien reviewed confidential ocean carrier news and announced new business,

including increased refrigerated cargo business that includes Smithfield's shipments of pork to China. He turned the meeting over to Mr. Price at this time.

2. Report on Safety/Operations – Kevin Price, Senior Vice President, Operations, VIT (reporting for Shawn Tibbetts, President and Chief Operations Officer)

Mr. Price reviewed the FY19 year-to-date OSHA lost work day (LWD) rates, which was 2.58 as of April 30, 2019 - higher than POV's goal of 2.0 LWDs. Mr. Price affirmed that VIT is working with the International Longshoremen's Association (ILA) partners to get below our goal so that everyone goes home safe.

Mr. Price reviewed POV rail versus gate/barge volumes for April that resulted in over 138,000 gate/barge moves (11 percent increase year-over-year) and 52,000 rail lifts (18 percent increase). He then reviewed rail versus gate/barge volumes at NIT, VIG, and PMT.

Mr. Price credited the sales team for the increase in rail volumes at NIT due to the cargo diversions from New York as a result of congestion.

Mr. Price reported that rail volumes have increased at all three terminals in April. He advised that POV will move cargo from PMT back to VIG which has more capacity now that the terminal expansion is almost complete. He reported that turn-times at NIT, VIG, and PMT are below the 60-minute goal. He then demonstrated on several slides how truck visits with turn-times over two hours has greatly decreased, as well as missed truck reservations. Mr. Price thanked Mr. Borum, who was present, for his support with the truck reservation system.

Mr. Price presented a slide showing net crane moves per hour through April and stated that operations is working with stevedoring partners on productivity as the port brings on more capacity and new equipment.

3. Sales Report – Joseph O'Brien, Vice President, Ocean Carrier Sales, VIT (reporting for Thomas D. Capozzi, Chief Sales Officer)

Mr. O'Brien presented POV volumes for fiscal year-to-date (July-April-attached) and announced that the Port reported a 3.0 percent increase in total TEUs (twenty-foot equivalent units). He stated that POV is starting to see volumes coming back with 71,000 TEUs over the fiscal year prior.

Mr. O'Brien stated that POV continues to be the empty container gateway for the Midwest for many of the ocean carriers with an increase of export empty TEUs up 14.8 percent. He

announced that POV has five last-out ship calls which is helping to promote the empty export containers. Also, Mr. O'Brien explained that import loaded containers are up 4.6 percent. POV had an 11 percent increase in import loaded TEUs from April prior to April 2019.

Mr. O'Brien continued reviewing volumes for the remainder of categories, as indicated on the attached slide, and he remarked on several areas of growth - VIP rail containers, total barge containers - Columbia Coastal and Richmond Marine Terminal (RMT). He mentioned new business at RMT with Bissell, Brother International, Scoular, and Transocean. Mr. O'Brien noted that the sales team is working with our partners in break-bulk to attract more volumes at NNMT and PMT, with some prospects on the horizon.

Mr. O'Brien reported that POV had an 18 percent growth in rail overall and he explained how the sales team was able to attract rail cargo to POV as a result of rail dwell times and congestion at Port of New York/New Jersey. He also mentioned that ships are getting bigger, over 14,000 TEUs, which affects the number of ship calls to the port. Mr. O'Brien announced that Evergreen's Ocean Alliance is bringing in a 15,000+ TEU ship to VIG on Sunday (May 26), the "Triton".

At this time, Mr. O'Brien welcomed Mr. Tony Salino, VIT's Director of Ocean Carrier Sales, who was the director of refrigerated business development for North Carolina State Ports Authority.

Mr. O'Brien reported that Smithfield has increased port shipments to China with projected weekly volumes expected to triple. He talked briefly about the swine flu in China that has led to their increased imports of pork. Refrigerated ("reefer") cargo for POV has increased by 12 percent calendar year-to-date and Mr. O'Brien attributed the growth to extra reefer racks installed at NIT and VIG (66 percent more capacity) and the recent approval of the USDA in-transit cold treatment facility.

Mr. O'Brien announced that POV participated in the Intermodal South America conference held in Brazil in March which involved 22 countries and is one of the largest logistic conferences in the continent. He also described the "CONNECT" Conference (Coalition of New England Companies for Trade), that was held in Massachusetts in March.

Mr. O'Brien reported that the POV Annual Sales meeting was held in Norfolk and that the focus was on strategies for short and long-term growth among POV's domestic and foreign sales representatives. The sales team also attended Virginia Maritime Association's annual symposium and banquet.

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

Mr. Ruddy described POV's new marketing campaign "Smart Stack" that was announced by Mr. Reinhart during the State of the Port tours/presentations. He explained that the SmartStack campaign is in line with POV's long-term planning and five-year Strategic Growth Plan strategy and highlights our best-in-class Midwest rail capabilities and POV's added capacity in order to capture more rail cargo. Mr. Ruddy announced that the campaign begins in earnest in July in print and with media outlets. Mr. Wimbush asked if the railroads are running collaborative ads here in conjunction with POV. Mr. Ruddy advised that he has not seen such ads, as yet, but they are supportive of POV's efforts. Mr. Reinhart mentioned that POV met with the Norfolk Southern leadership at VIG and discussed various topics relating to our partnership with the railroad and strategy.

Mr. Ruddy then described the Process Excellence team's latest efforts and he explained the "DMAIC" (Define, Measure, Analyze, Improve, Control) program that was developed to improve port processes and the customer experience. He described some of the on-going projects in the program – vessel productivity, supply management, dispute resolution, chassis pool, invoice charges.

Projects

Mr. Ruddy reported that all projects are on budget and on schedule with the exception of the Finance project that involves the billing module of the new financial system. He commended the Finance team for delaying the start of the billing module so as not to interfere with year-end. Mr. Ruddy announced that the second module of the financial system was PeopleSoft which was launched successfully on April 29, 2019.

Mr. Ruddy announced that the VIG expansion is in its final stages of completion and the focus is on completing the South NIT optimization. He then described the sequencing and timetable for Phases I-4, and the SNIT truck staging area.

Mr. Ruddy provided a VIG project update and explained that the only project remaining is the North Rail Bundle which is expected to be delivered to operations by the end of May, with a few punch-list items that will be completed by August. He emphasized that the North bundle will double POV's rail capacity at the terminal. Mr. Ruddy thanked the Project Team for their efforts.

Mr. Reinhart announced that the VIG project will be completed six months earlier than scheduled and that the terminal is known throughout the world as "the Virginia model". He also expressed appreciation to the Project Team, operations, and thanked our port partners for their patience during construction. (timeline attached)

Ms. Aument also offered her congratulations and commended the team on the planning and execution of two major expansion projects.

V. Report by Human Resources – Wina Giddens, Director, Human Resources-Benefits & HRIS (reporting for James Bibbs, Chief Human Resource Officer)

Ms. Giddens described initiatives in the Talent Management division of Human Resources and she introduced PIVOT, the Port's new management alignment program that will be implemented in June. She described the five modules as follows:

- Policies, procedures, and performance management
- Interpersonal awareness
- Values
- Organizational awareness
- Training and resources for colleagues

Ms. Giddens explained that the program will be web-based and also classroom training that will be provided for current managers and new managers coming onboard.

Ms. Giddens then explained the Pulse Survey which, she said, is a temperature check of POV colleagues' engagement within the organization that was conducted last month with 25 percent of colleagues (randomly selected). She advised that the Pulse Survey will be conducted in between the full Colleague Engagement Survey that was moved to the fall timeline. Ms. Giddens reported that, out of 25 percent of the population that was sampled, POV increased its favorability rating by 5 percent.

Ms. Giddens announced the College Roadshow which is scheduled for June 5-6 at three POV facilities, whereby colleagues can meet with six colleges and universities to discuss furthering their education.

Ms. Giddens then reviewed the various metrics compiled by Human Resources with regard to recruitment, new hire demographics and POV demographics, and training metrics.

VI. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick referred to the Norfolk Harbor & Channels Deepening slide (attached). She announced that POV has completed the engineering and design of the first constructible element which is Thimble Shoals Channel west of Chesapeake Bay Bridge Tunnel which is where the first segment of the harbor deepening will begin. Ms. Vick advised that the invitation

for bids (IFB) is scheduled to go out in July, followed by notice to proceed and then dredges are scheduled to be in the water for that segment in January 2020.

Ms. Vick reported that two critical path items remain involving concurrence by the Environmental Protection Agency (EPA). She affirmed that POV had submitted all of the necessary sampling and modeling to the EPA and, with a 60-day turnaround time, it is anticipated that concurrence will be released in June. She explained that concurrence from the EPA on the mid-point and long-term fate of the dredged material is expected by September.

Mr. Diamonstein commended Ms. Vick and her team for their work on the harbor deepening project and the presentation. He referred to an article in the *The Virginian-Pilot* that contained erroneous information about scheduling/funding for the harbor deepening project. Ms. Vick then explained the measures that were taken to clarify information, first with the newspaper, and then messaging through the Virginia Maritime Association newsletter, emailing legislators, Secretary's office, so that accurate information could be understood and distributed.

Ms. Vick then described, in detail, the President's new budget and new start designation and construction funding which POV is now seeking the appropriate approvals from Congress, now that the Preliminary Engineering and Design phase for the Thimble Shoals west element is completed. She referred to the attached copy of the April 4, 2019, letter signed by the Virginia Congressional Delegation to the House Appropriations Committee, requesting new start funding.

Ms. Vick announced that earlier Monday morning, Congress allocated six new construction starts, two for navigation, and one for flood control or multipurpose projects. She advised, should the six new starts become available, POV is advocating for the Norfolk Harbor Channels & Deepening project to be one of those new starts. She then talked about the visit by the Assistant Secretary of the Army for Civil Works visit several weeks ago and the individuals who were included in the port tour. Ms. Vick reported that the Assistant Secretary was so impressed after his visit that he sent an email to POV that he wanted to issue a release in support of the deepening project. **Ms. Vick will provide a copy of the release to the Board, when received.**

Mr. Reinhart congratulated Ms. Vick and her team on their work with the Army Corps and with Congress and he emphasized the critical need to have two-way navigational traffic in our harbor for national security. Ms. Vick also expressed appreciation to the Secretary and the General Assembly for the State's funding assistance for the first element of construction.

Ms. Vick provided a brief update on the reconvened session of the General Assembly. She congratulated Secretary Valentine for her efforts with the General Assembly on the funding

plan for the Interstate 81 (I-81) expansion and for the legislation approving a study for Elizabeth River tolling. Ms. Vick then described the collaboration between POV economic development and the Virginia Economic Development Partnership (VEDP) for the \$1 million grant funding that was approved by the General Assembly for revitalization efforts to attract new business to struggling localities.

Ms. Vick described the State of the Port addresses that were held throughout the Commonwealth and the port tours that were held at Virginia Inland Port and Richmond Marine Terminal.

Ms. Vick announced that POV recently completed its ISO 14001 Environmental Management System audit and that the recertification audit was completed in April. She advised that the auditor was very impressed with POV's operations and he said it was the "best integration of EMS" he has ever seen. She advised there was only one minor non-conformity involving training records that were not readily available.

Ms. Vick then described the latest online publication of POV's 2018 Sustainability Report that contains links to videos. She provided an update on the NIT Central Rail Yard expansion project that will utilize rubber-tired gantry cranes (RTGs). She reminded the Board that POV had secured a \$15 million Rail Enhancement Fund grant and that bids are scheduled to go out by July.

Ms. Vick provided an update on RMT project developments involving the bulkhead repair and drop lot and gate improvements.

She then announced FY2019 economic development totals as follows:

- 40 announcements
- More than 2.5 million square feet of space
- Created 2,652 jobs
- Invested more than \$1.9 billion

Since last board meeting:

- 60 new jobs
- More than 212,437 thousand square feet of space
- Invested \$60 million

Ms. Vick reviewed activities of POV's Maritime Incident Response Team (MIRT) and Emergency Operations team:

- POV Table-top exercise
 - o Recovery from an active shooter
 - o Highlighted POV internal COOP processes

- Surface Deployment and Distribution Command (SDDC) Updates
 - o Contract under development
 - o Attended Strategic Ports Conference

It was reminded by Ms. Vick that POV is the host port for the annual convention of the 2019 American Association of Port Authorities (AAPA) that will be held in Norfolk, October 13-16, 2019. She advised that Public Affairs is working on sponsorships and registrations.

Ms. Vick announced that the Maritime Administration (MARAD) was able to secure funds for competing ports and recently announced a \$290 million funding opportunity which could open up in the next couple of weeks. She explained that her team is working with the transportation planning organizations (TPOs), POV operations, and others to prepare for the grant request.

Secretary Valentine thanked Ms. Vick for her presentation. The Secretary described the collaborative efforts of the General Assembly and their approval of the Governor's \$280 million transportation package, which slates half of the funding for Interstate 81 improvements. The Secretary commended legislators, the trucking community, and the committees "who refused to give up". She listed several other highway projects that will benefit from the Governor's transportation package that includes improvements to Interstates 95 and 64.

VII. Report by CEO and Executive Director – John F. Reinhart

In conclusion, Mr. Reinhart made the following remarks:

Mr. Chairman, Commissioners, Madam Secretary, Colleagues, and Guests:

- Fiscal Year 2019 is coming to a close and we have had a very productive year. Our volume is up 3% heading into the final 2 months and will be a new record. Our infrastructure projects are progressing very well and VIG will be completed ahead of schedule and under budget this fiscal year.
- After our July 23rd Board Meeting, we will have a press conference and ribbon cutting ceremony at VIG.
- Construction at NIT is progressing well and we will receive 12 RMG's for Phase 2 in the next 2 months and be operating the 6 new stacks by September which is 60% of new stack capacity on line.

- Construction in Phase 3 has begun and we have ordered the two ship-to-shore cranes and will move forward with the purchase of 25 shuttles as authorized by the Board today in Resolution 19-7.
- We continue to work with the ACOE to go Wider-Deeper-Safer and will release an IFB in July with start date January 2020 on TSW deepening.
- Since we met in March, momentum continues to build in every aspect of our operations, outreach, strategic priorities and building a sustainable team and POV.
 - SOTP had record attendance and positive.
 - VMA Symposium and Banquet well attended and great partnership.
 - ACOE partnership working well
 - Service levels improving and capacity growing
 - Rolled out new Financial System on April 29 with new Billing System scheduled for July.
 - Economic Development is growing and collaboration with VEDP is stronger than ever. Site selector visits, coordination on specific projects.

Congratulations to Stephen Moret and VEDP for winning Site Selection Magazines “Prosperity Cup” as the most competitive state economic development group.

- We have completed a budget for 2020 and you approved it today.
- The approval of Resolution 19-4 will provide \$1 million for Aid to Local Ports. Resolution 19-5 will provide waterway maintenance funding of \$879k. Both initiatives where the POV is helping our communities.
- Virginia Business released the 2019 Maritime Guide “Making Waves”
- This week we will receive 2 simulators in our joint effort with HRSA to improve training and safety with our work force.
- We will celebrate National Maritime Day on Thursday, May 23rd and Memorial Day on Monday, May 27th.
- We will go live with the North rail bundle and have a customer event on Friday, May 31, to highlight our new and expanded rail capacity.

- The Port of Virginia Spring Festival at VIG on May 19 was very well attended and the Fall Festival will be at NIT.
- Trade War with China and increasing tariffs are a severe headwind and challenge. We have a strong economy and will continue to assess risk and adapt as the trade negotiations continue. We will also take our case back to the government again as we did for the four ship-to-shore cranes. We estimated that about 4.8 percent of our volumes could be affected by the tariffs.
- We owe our sincere thanks to our team for their dedication, accomplishments and being great stewards. They are doing exceptional work. We thank our customers, partners and stakeholders for their continued trust and support through all of this construction.
- We are prepared for the future, we are building the capacity for greatness, and we are competing to win like never before. It will be a good year.

VIII. Unfinished Business

IX. New Business

There was no new business to report at this time.

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

Chairman Milliken reviewed the accomplishments from today's meeting. The Chairman remarked that the POV FY2020 budget "is a blueprint...over the course of the next fiscal year".

The Chairman emphasized three important messages –

1. Finish the project, bring it home, on schedule, under budget, and increase the capacity at this "magnificent" facility that we are responsible for overseeing
2. Aggressively market that capacity – around the world, around the country, and to tell our story to show people what we can do to help them get their products to the marketplace that they need to go to, and
3. Do what our job is, to **foster economic development and create jobs** and that everything we do should be done with that as the background.

Chairman Milliken announced that, to do all of those things, requires continued investment on our part and on the part of all of our partners. The Chairman explained that he took a look

back to see what kind of investments have been made since FY2015, and he announced that the Port invested a total of \$1.5 billion in all of the port facilities (includes FY2020 budgeted capital outlay). Chairman Milliken also emphasized that all of the money made by the Port goes back into its facilities.

The Chairman also emphasized that the investments made in VIG and South NIT is a great story to tell around the world. He closed by thanking the Secretary for the Administration's support and for the cooperation of port partners and stakeholders.

Secretary Valentine said she was pleased to be at today's meeting and mentioned how difficult it was to leave Richmond with all of the General Assembly activity. The Secretary talked about the importance of the 2020 budget, maintaining market share, maximizing the impact of new capacity coming onboard and the impact of innovation and technology that will make a long-term commitment for substantial growth. She also remarked on the importance of the William & Mary economic impact update. Secretary Valentine, on behalf of the Governor's office, expressed thanks and gratitude to everyone at the port.

At this time, Chairman Milliken appointed the following commissioners to serving on a Nominating Committee, for the selection of officers to the VPA Board at the July 23rd annual meeting:

Val McWhorter, Chair
Faith Power
Kim Scheeler

There being no further business and no public comments, the meeting adjourned at 10:55 a.m.

Respectfully submitted,


Debra J. McNulty
Secretary to the Board

The next Public Session of the VPA Board is scheduled for Tuesday, July 23, 2019, at 9:00 a.m. and will be held at Virginia International Gateway (VIG), Portsmouth. Committee meetings are scheduled for Monday afternoon, July 22, and will be held at the World Trade Center, Norfolk.

(Open session presentations are posted to The Port of Virginia website at:
<http://www.portofvirginia.com/about/board-room-meetings/>)



**VIRGINIA PORT AUTHORITY
RESOLUTION 19-4**

A RESOLUTION AUTHORIZING AID TO LOCAL PORTS FUNDING (FY20) TOTALING AN ESTIMATED \$1,000,000 to the City of Newport News, County of Accomack, County of Northampton, Town of Cape Charles, Town of Saxis and Town of Wachapreague.

WHEREAS, in September 1986, the Virginia General Assembly established the Commonwealth Port Fund in order to support port capital needs of all ocean, river or tributary ports within the Commonwealth; and

WHEREAS, the Board of Commissioners of the Virginia Port Authority adopted a Policy on Grants to Local Governments for Financial Assistance for Port Facilities (Aid to Local Ports Policy) on July 28, 1987, which Policy was last amended on November 18, 2014; and

WHEREAS, in accordance with the Aid to Local Ports Policy, the following entities have applied for grants for the purposes indicated:

City of Newport News, up to \$386,040 for repairs and modifications to the northern portion of the east bulkhead at the Newport News Seafood Industrial Park.

County of Accomack, up to \$125,000 for pier and wave curtain replacement at Greenbackville Harbor.

County of Northampton, up to \$32,063 for the construction of a floating dock at Willis Wharf Harbor.

Town of Cape Charles, up to \$251,397 for the construction of an in-shore breakwater.

Town of Saxis, up to \$148,500 for the replacement of a bulkhead and several finger piers and miscellaneous improvements to the town's marina.

Town of Wachapreague, up to \$57,000 for additional dock repairs at the town's marina.

NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority that:

1. Grants will be made in the individual amounts and for the purposes indicated above.
2. Funds will be made available following the approval of certified requisitions which are accompanied by supporting documentation provided to the Virginia Port Authority as provided for in the Aid to Local Ports Policy.
3. The grantees are required to return any unused funds from these grants to the Virginia Port Authority.
4. If, by June 30, 2020, the grants authorized herein have not been fully drawn upon, or the contracts covering the improvements for which the grants were made have not been entered into, the grants will lapse and will not be carried over to the next fiscal year.

BE IT FURTHER RESOLVED, that:

The City of Hampton requests to carryover until June 30, 2020 its previous balance estimated to be \$50,000.

The City of Norfolk requests to carryover until June 30, 2020, its previous balance estimated to be \$82,500 for the Elizabeth River Trail.

The City of Poquoson requests to carryover until June 30, 2020, its previous balance estimated to be \$202,125.

The City of Portsmouth requests to carryover until June 30, 2020, its previous balance estimated to be \$109,036.

The City of Richmond requests to carryover until June 30, 2020, its previous balance estimated to be \$81,848.

The County of Accomack requests to carryover until June 30, 2020, its previous balance estimated to be \$197,458.

The Town of Cape Charles requests to carryover until June 30, 2020, its previous balance estimated to be \$100,000.

The Town of Chincoteague request to carryover until June 30, 2020, its previous balance estimated to be \$75,097.

The Town of Onancock requests to carryover until June 30, 2020, its previous balance estimated to be \$116,292.

The Town of Saxis requests to carryover until June 30, 2020, its previous balance estimated to be \$35,445.

The Town of Tangier requests to carryover until June 30, 2020 its previous balance estimated to be \$57,925.

PASSED AND ADOPTED this 21st day of May, 2019.


John G. Milliken, Chairman

Attest:


Debra J. McNulty, Secretary

FY20 New Project Requests

| City | Total Project Cost | Amount Requested | Proposed Allocation | Carryover Request |
|---------------------------------------------------------------|--------------------|------------------|---------------------|-------------------|
| Accomack: Greenbackville Harbor Phase III | \$320,777 | \$125,000 | \$125,000 | \$114,958 |
| Accomack: Quinby Harbor bulkhead & dock replacement | \$292,500 | \$125,000 | \$0.00 | \$82,500 |
| Cape Charles: In-shore breakwater | \$500,000 | \$375,000 | \$251,397 | \$100,000 |
| Chincoteague: Floating dock @ downtown park | \$132,000 | \$99,000 | \$0.00 | \$75,097 |
| Hampton: Seafood Initiative | | | | \$50,000 |
| Newport News: SIP East Bulkhead refurbishment & modifications | \$1,029,441 | \$772,080 | \$386,040 | \$0.00 |
| Norfolk: Downtown Waterfront Rehabilitation – East | \$1,850,000 | \$500,000 | \$0.00 | \$82,500 (ERT) |
| Northampton: Floating dock @ Willis Wharf | \$42,750 | \$32,063 | \$32,063 | \$0.00 |
| Northampton: Kayak launch @ Morley's Wharf | \$15,000 | \$11,250 | \$0.00 | \$0.00 |
| Onancock: Improvements to town marina | | | | \$116,291.84 |
| Poquoson: Messick Point Breakwater, Phase 2 | | | | \$202,125 |
| Portsmouth: Elizabeth River Project | \$82,500 | \$60,000 | \$0.00 | \$0.00 |
| Portsmouth: Portside Project | | | | \$109,036.68 |
| Richmond: Intermediate Terminal Restroom & Pavilion | | | | \$81,848 |
| Saxis: Town harbor improvements | \$198,000 | \$148,500 | \$148,500 | \$35,444.71 |
| Suffolk: Constant's North Park | \$657,472 | \$150,000 | \$0.00 | \$0.00 |

| | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|-----------------------|
| Tangier: Town harbor improvements | \$245,200 | \$143,082 | \$0.00 | \$57,925 |
| Wachapreague-Marina repairs | \$76,000 | \$57,000 | \$57,000 | \$0.00 |
| TOTALS | \$4,091,640 | \$2,472,975 | \$1,000,000 | \$1,107,726.23 |

Accomack County

Project: Greenbackville Harbor – Final Phase

Summary: Greenbackville Harbor is important to the commercial crabbing industry and is also used by waterman engaged in clamming and oystering. Previous ALP funding has been utilized at Greenbackville for pier restoration and improvements. ALP funding is requested in FY20 for the final phase of the Greenbackville Harbor project to include pier and wave curtain replacement.

Timeline: Work is anticipated to be complete by mid-year 2020 (pending the availability of funding).

Total Project Cost: \$320,777

Requested Amount:

| | |
|-----------|----------|
| \$125,000 | FY20 |
| \$ 97,500 | c/o FY19 |
| \$ 17,458 | c/o FY17 |

Estimated Carryover: \$114,958

Proposed Allocation: \$125,000

Project: Quinby Harbor Improvements

Summary: This facility is very important to the aquaculture industry. Some of the largest oyster and clam beds in Accomack County are located just outside Quinby Harbor. Over the last decade, improvements have been made to much of the facility, however, some of the original bulkheads and docks remain and are in dire need of replacement. Funding is requested for partial bulkhead replacement and dock replacement.

Timeline: Work is anticipated to be complete by mid-year 2020 (pending the availability of funding).

Total Project Cost: \$292,000

Requested Amount:

| | |
|-----------|----------|
| \$125,000 | FY20 |
| \$ 82,500 | c/o FY19 |

Estimated Carryover: \$82,500

Proposed Allocation: \$0.00

Cape Charles
Project: Construction of in-shore breakwater

Summary: Cape Charles would like to construct an in-shore breakwater to replace a floating wave attenuator. The existing floating wave attenuator will be relocated to the north which will create additional side-to docking spaces. The in-shore breakwater will create a break in long periods of waves and preserve docking space for large vessels.

Timeline: Design plans are in place. Project will be bid in the fall of 2019 with the anticipation of completion within 3 months.

Total Project Cost: \$500,000

Requested Amount:

| | |
|-----------|------------------------------------------------|
| \$375,000 | FY20 |
| \$100,000 | c/o FY19 for completion of offshore breakwater |

Estimated Carryover: \$100,000

Proposed Allocation: \$251,397

Chincoteague
Project: Robert Reed Waterfront Downtown Park Dock Improvements

Summary: The Town of Chincoteague is requesting dock improvements to the Robert Reed downtown park area. The downtown park serves as an anchor to the business district and home to many attractions and businesses. The project will replace the existing slips with a parallel floating dock which will improve the experience by transients and locals looking to dock at this location.

Timeline: Construction is planned for fall 2019 with completion by the end of the calendar year.

Total Project Cost: \$132,000

Requested Amount: \$99,000

Proposed Allocation: \$0.00

Newport News
Project: SIP East Bulkhead Refurbishments and Modifications

Summary: Seafood Industrial Park (SIP) is dedicated to seafood and commercial marine commerce. The City is requesting ALP funds for the following: refurbishment of the concrete bulkheads and rubber

fendering behind seafood businesses; installation of safety equipment meeting OSHA standards; and installation of a series of three pile wood clusters behind two boatyard properties to accommodate a vast variety of vessels utilizing these properties. These enhancements will increase mooring capabilities at the two boatyard properties and increase employment opportunities, tax revenue, and associated local business opportunities.

Timeline: April 2019 – April 2020

Total Project Cost: \$1,029,441

Requested Amount: \$772,080

Proposed Allocation: \$386,040

Norfolk

Project: Downtown Waterfront Rehabilitation – East

Summary: Norfolk is seeking ALP grant funds to assist with the Downtown Waterfront Rehabilitation project. The project is broken up into two areas – East and West. The “East area” includes Town Point Park, Otter Berth, and the Waterside District. ALP funds would be used for the following: repair/replacement of missing or damaged fender piles, mooring dolphins, fender systems, walkways, promenades, concrete sections, bulkheads and marginal wharfs, and other items which make up the Downtown Waterfront infrastructure. Sealing of concrete walkways, caps, and other items to effect repairs and to prevent deterioration because of exposure to the marine environment would also be included in the rehabilitation effort.

Timeline: Advertisement for bids in July 2019; construction to begin in fall 2019; project completion by summer 2020 (all grant funds would be expended in FY20)

Total Project Cost: \$1,850,000

Requested Amount: \$500,000

| | |
|-----------|------------------|
| \$500,000 | FY20 |
| \$ 82,500 | c/o FY19 for ERT |

Proposed Allocation: \$0.00

Northampton

Project: Floating Dock at Willis Wharf

Summary: Willis Wharf harbor contains a 50 slip marina, sanitary facilities, water/electric availability, and a public boat ramp. The dock, serving 18 of the 50 boat rental slips, was demolished several years ago due to deteriorating conditions. The harbor was dredged in 2018 using ALP funds. Now that dredging

has been completed, the County would like to reopen these rental slips to commercial watermen and the public. Northampton is requesting funding for the construction of a floating dock to access these slips.

Timeline: Construction anticipated during the summer/fall 2019.

Total Project Cost: \$42,750

Requested Amount: \$32,063

Proposed Allocation: \$32,063

Project: Kayak Dock at Morley's Wharf

Summary: Morley's Wharf contains a large fishing pier, sanitary facilities, and boat ramp which is free to the public. The County previously used ALP funds to replace the deteriorating fixed docks at the boat ramp with floating docks. As a result of increased tourism and recreational watersport activities on the Eastern Shore, the County would like to provide more amenities around those activities. Funding is requested for the construction of a kayak launch at Morley's Wharf.

Timeline: Construction anticipated during the summer/fall 2019.

Total Project Cost: \$15,000

Requested Amount: \$11,250

Proposed Allocation: \$0.00

Portsmouth – Elizabeth River Project

Project: Paradise Creek Nature Park enhancements

Summary: Funding requested is to build off of previous ALP investments at Paradise Creek Nature Park. ERT is requesting ALP funds for the following: two shade structures at PCNP playground; conservation landscaping (includes freshwater wetland plants) which will provide on the job training for Portsmouth youth; and kayak trail enhancements (additional kayaks, equipment, signage for "blue trail" exploring port wetland).

Timeline: July 1, 2019 – March 31, 2020

Total Project Cost: \$82,500

Requested Amount: \$60,000

Proposed Allocation: \$0.00

Saxis
Project: Town Harbor Improvements

Summary: The Town is requesting ALP funds to make several improvements to their harbor to include: replacement of a deteriorated bulkhead; replacement of 8 finger piers; replacement of 32 pilings; backfill and gravel; and electric and plumbing.

Timeline: Construction would begin in July/August 2019. Estimated completion in 2-3 months.

Total Project Cost: \$198,000

Requested Amount:

| | |
|--------------|------------------------------------|
| \$148,500 | FY20 |
| \$ 35,444.71 | c/o FY19 misc. harbor improvements |

Proposed Allocation: \$148,500

Suffolk
Project: Constant's North Park

Summary: ALP Funding has been requested by the City of Suffolk for development of Constant's North Park. The City recently purchased vacant property in Downtown Suffolk adjacent to the Nansemond River to develop a park for recreational use. The park will support the economic vitality of Downtown Suffolk.

Timeline: Not provided

Total project cost: \$657,472

Requested Amount: \$150,000

Proposed Allocation: \$0.00

Tangier
Project: Marina Improvements

Summary: The Town of Tangier is requesting ALP funds for the replacement of a bulkhead and installation of a medical lift/hoist at the county marina. This marina is used in the operation of 2 ferries for transport to and from the island. Currently, any handicapped or wheelchair bound person is physically lifted on off the ferries by fire department personnel or local residents. The bulkhead is in need of replacement as is used to offload heavy equipment and supplies for the island.

Timeline: 36 months

Total Project Cost: \$143,082

Requested Amount:

| | |
|-----------|-------------------------------------------|
| \$107,312 | FY20 |
| \$ 57,925 | FY19 Partial bulkhead replacement project |

Estimated Carryover: \$57,925

Proposed Allocation: \$0.00

Wachapreague

Project: Dredging & Marina Improvements

Summary: The Town Marina is need of dredging due to silt buildup over the last several years. The dredging will also require excavation of the spoils site to ensure sufficient capacity to contain the estimated cubic yards to be dredged. In addition, other improvements were realized during the current ALP project. Timber bolts and cross member support beams will need replacement. Funding is requested for the dredging of the marina, the additional work discovered under the current project, and repairs to the boat ramp driveway.

Timeline: Summer 2019-April 2020

Total Project Cost: \$76,000

Requested Amount: \$57,000

Proposed Allocation: \$57,000

**VIRGINIA PORT AUTHORITY
RESOLUTION 19-5**

**A RESOLUTION AUTHORIZING WATERWAY MAINTENANCE GRANT
FUNDING (FY20) TOTALING AN ESTIMATED \$879,379 to the County of
Accomack, County of Gloucester, County of Mathews and County of
Northampton.**

WHEREAS, in May 2018, the Virginia General Assembly established the Virginia Waterway Maintenance Grant Program, to be administered by the Virginia Port Authority, in order to support shallow draft dredging projects throughout the Commonwealth; and

WHEREAS, the Board of Commissioners of the Virginia Port Authority adopted a Policy on Grants to Local Governments for Financial Assistance for Dredging Activities (Virginia Waterway Maintenance Grant Program) on July 24, 2018; and

WHEREAS, in accordance with the Virginia Waterway Maintenance Grant Policy, the following entities have applied for grants for the purposes indicated:

County of Accomack, up to \$188,000 for pre-planning activities to address the dredging needs of Quinby Creek.

County of Gloucester, up to \$117,528 for pre-planning activities to address the dredging needs of Aberdeen Creek.

County of Gloucester, up to \$115,328 for pre-planning activities to address the dredging needs of Timberneck Creek.

County of Mathews, up to \$132,128 for pre-planning activities to address the dredging needs of Davis Creek.

County of Mathews, up to \$129,395 for pre-planning activities to address the dredging needs of Hole in the Wall.

County of Northampton, up to \$197,000 for pre-planning activities to address the dredging needs of Kings Creek.


NOW THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority that:

1. Grants will be made in the individual amounts and for the purposes indicated above.
2. Funds will be made available following the approval of certified requisitions which are accompanied by supporting documentation provided to the Virginia Port Authority as provided for in the Waterway Maintenance Fund Grant Policy.
3. The grantees are required to return any unused funds from these grants to the Virginia Port Authority.

PASSED AND ADOPTED this 21st day of May, 2019.


John G. Milliken, Chairman

Attest:


Debra J. McNulty, Secretary

RESOLUTION 19-6


**APPROVING VIRGINIA PORT AUTHORITY'S
CONSOLIDATED ANNUAL BUDGET FOR FISCAL
YEAR ENDING JUNE 30, 2020**

WHEREAS, the Chief Financial Officer of the Virginia Port Authority (the "Authority") has proposed the annual consolidated budget for the Authority for Fiscal Year Ending June 30, 2020 and has submitted same to the Board of Commissioners (the "Board") of the Authority; and

WHEREAS, the Chief Financial Officer has also made available to the Board such other information as the Board has reasonably requested in connection with the preparation of such annual budget.

NOW, THEREFORE, BE IT RESOLVED that the Board does hereby approve the Authority's annual consolidated budget for Fiscal Year Ending June 30, 2020.

PASSED AND ADOPTED this 21st day of May, 2019.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Secretary

RESOLUTION 19-7

RESOLUTION AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO CONTRACT DOCUMENTS FOR THE ACQUISITION OF SHUTTLE TRUCKS

RECITALS:

The Virginia Port Authority (the "Authority"), a body corporate and a political subdivision of the Commonwealth of Virginia, has been established pursuant to Chapter 10, Title 62.1 of the Code of Virginia of 1950, as amended (the "Act").

Pursuant to the Act, the Authority is empowered to rent, lease, buy, own, acquire, construct, reconstruct, and dispose of harbors, seaports, port facilities and such property, whether real or personal, as it may find necessary or convenient and issue revenue bonds therefore without pledging the faith and credit of the Commonwealth.

Pursuant to the Act, it is the duty of the Authority to foster and stimulate the commerce of the ports of the Commonwealth and related facilities by serving as the United States Eastern Seaboard gateway for the global import and export of freight throughout the world, to promote the shipment of freight through the maritime and inland ports, to seek to secure necessary improvements of navigable tidal waters within the Commonwealth, and in general to perform any act or function that may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of all maritime and inland ports of the Commonwealth and related facilities.

In furtherance of this duty, the Authority is making significant capital improvements to Virginia International Gateway terminal (hereinafter "VIG") and Norfolk International Terminals (hereinafter "NIT"). These improvements include the purchase of equipment, namely shuttle trucks, to support terminal operations at VIG and NIT.

On March 27, 2018, the Board of Commissioners passed Resolution 18-3 authorizing the Executive Director to enter into a contract with Kalmar USA, Inc. for the procurement of shuttle trucks at VIG with an option for a separate future contract for the purchase of shuttle trucks and related equipment and systems for NIT.

The Authority has determined it necessary to exercise this option for the purchase of twenty-five (25) Kalmar shuttle trucks. Subject to negotiation of final contract terms, Kalmar shall provide up to twenty-five (25) shuttle trucks to be delivered and installed for a unit price up to \$1,014,454.42 USD, which could fluctuate depending on the U.S. Dollar to Euro exchange rate on the date of contract execution.

The Board has determined that it is necessary and appropriate to delegate to the Executive Director the authority to negotiate, approve and amend the terms of the Kalmar USA, Inc. option contract (hereinafter the "NIT Kalmar Contract") consistent with the foregoing Recitals.

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

Section 1. Approval of NIT Kalmar Contract. The execution and delivery of the NIT Kalmar Contract by the Authority consistent with the foregoing Recitals are hereby authorized. The Board hereby authorizes the Executive Director to approve the form and content of, and to execute and deliver, the NIT Kalmar Contract on behalf of the Authority. The execution of the NIT Kalmar Contract by the Executive Director shall be conclusive evidence of the Authority's approval of the NIT Kalmar Contract. The Board hereby authorizes the Executive Director to execute and deliver all ancillary documents which he deems necessary to further the intent of this Resolution.

Section 2. Ratification; Further Action. All actions previously taken by the Commissioners, officers, and staff of the Authority in furtherance of the NIT Kalmar Contract are hereby ratified and confirmed. The officers and employees of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may in their discretion deem necessary or proper in furtherance of the NIT Kalmar Contract and the transactions described herein and therein.

Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption. The Secretary of the Authority shall file this Resolution with the books and records of the Authority maintained according to Section 3.11 of the Authority's Bylaws.

[END OF RESOLUTION 19-7]

PASSED AND ADOPTED this 21st day of May, 2019.



John G. Milliken
Chairman

ATTEST:



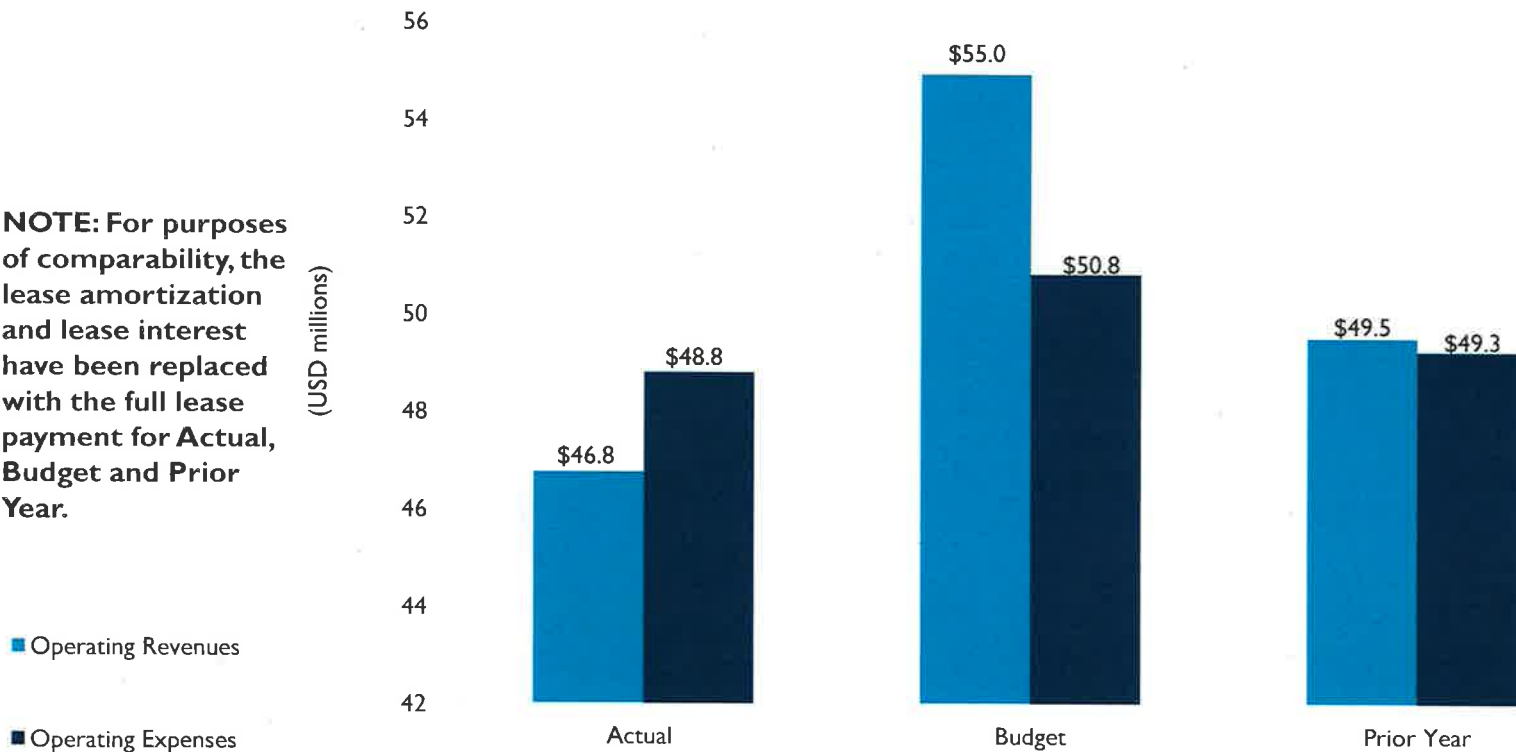
Debra J. McNulty
Secretary to the Board

MARCH FINANCIAL PERFORMANCE

OPERATING REVENUES AND EXPENSES:

For the Month Ended March 31, 2019

NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for **Actual, Budget and Prior Year**.



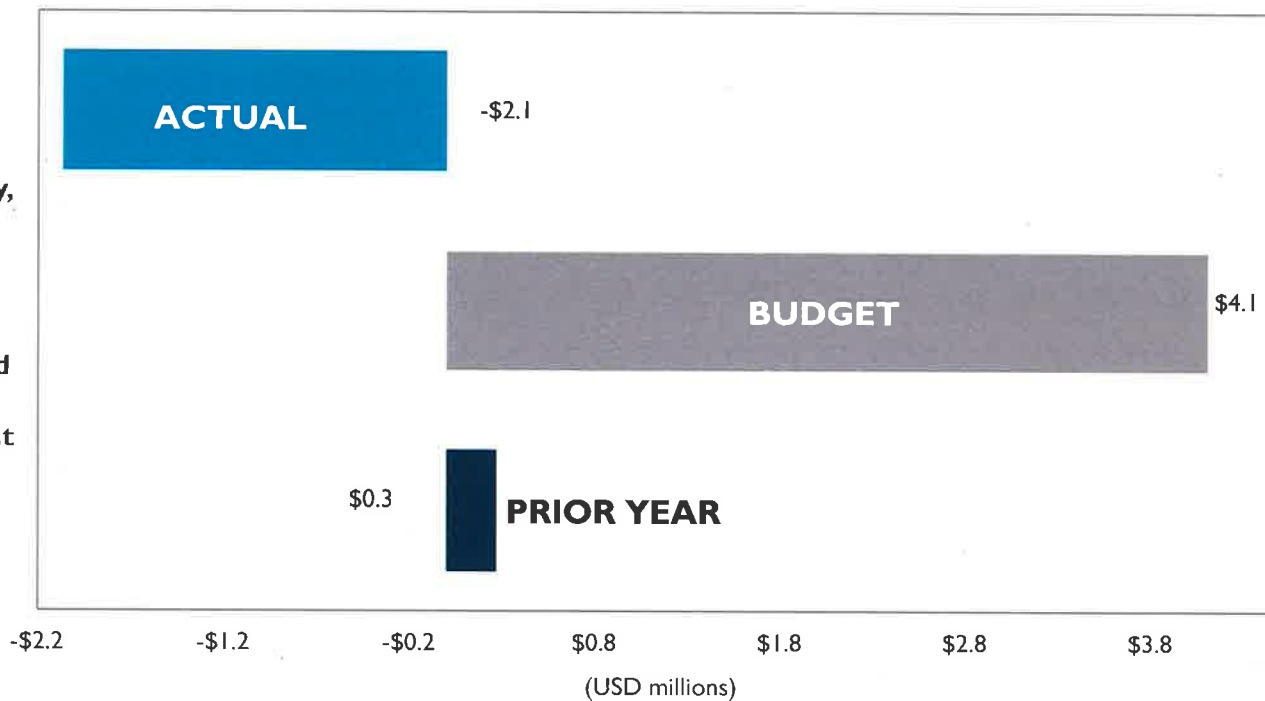
THE PORT OF
VIRGINIA

Stewards of Tomorrow

OPERATING INCOME (LOSS):

For the Month Ended March 31, 2019

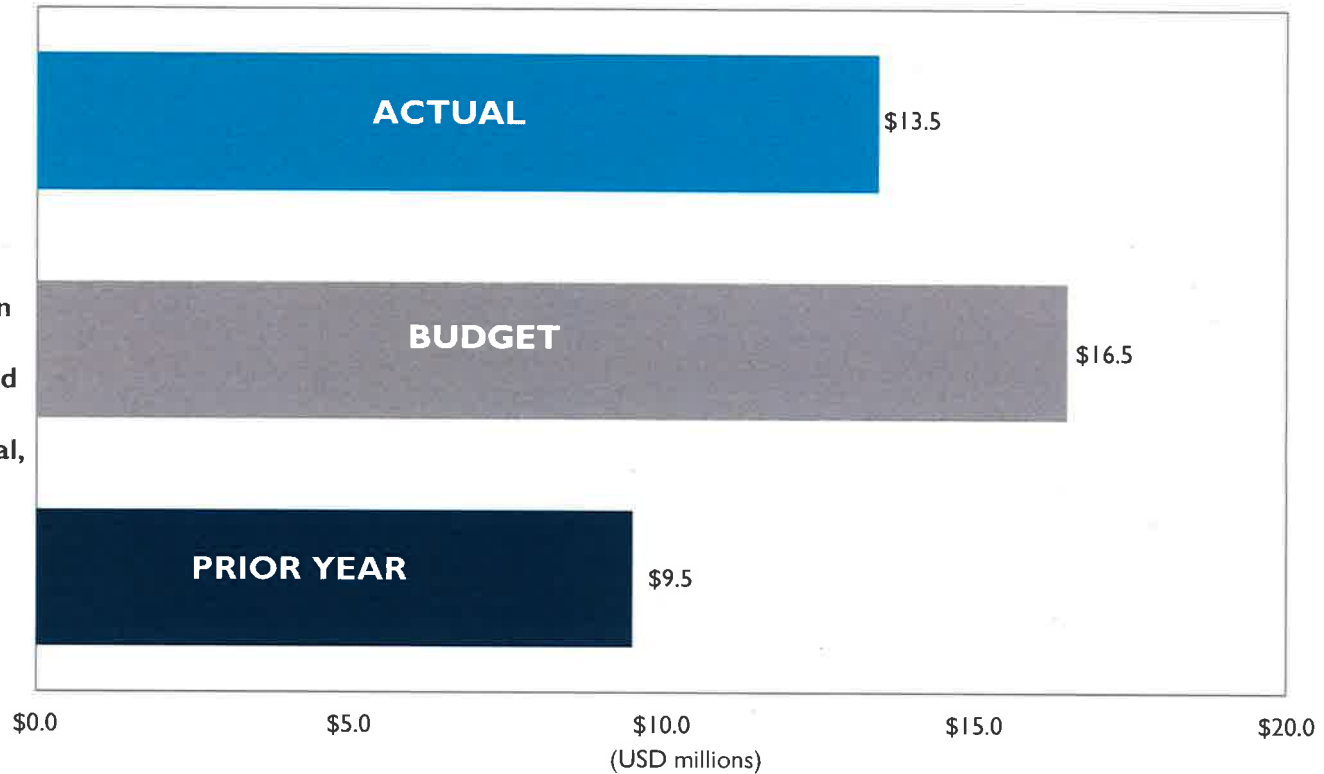
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended March 31, 2019

NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



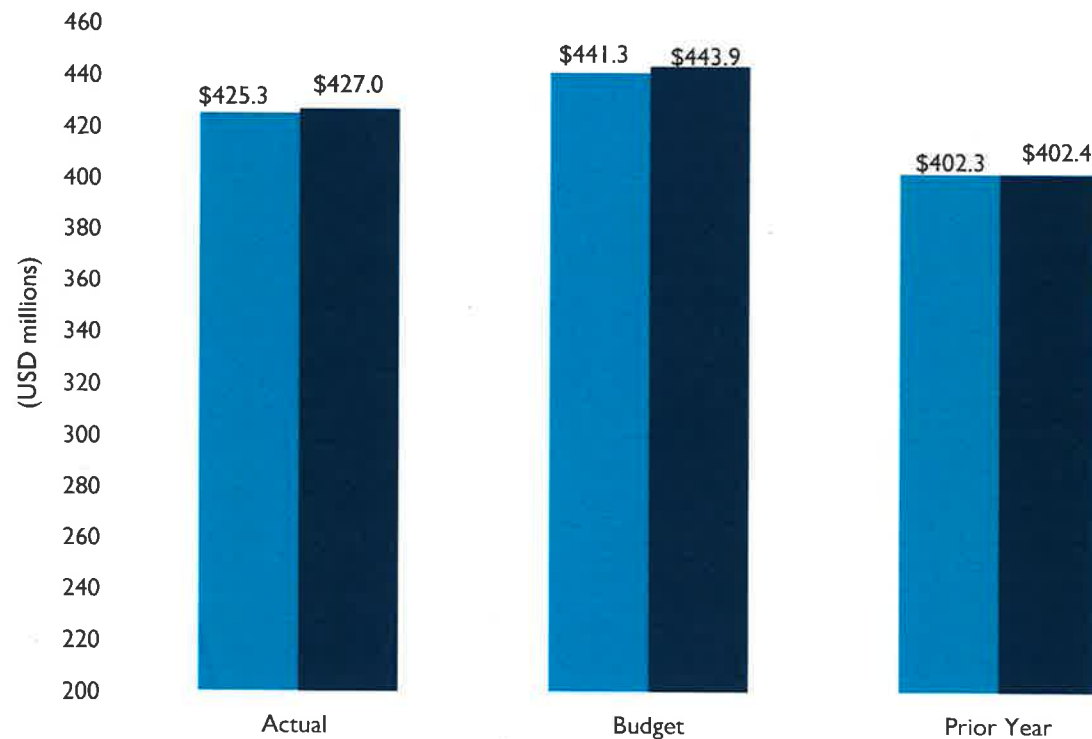
OPERATING REVENUES AND EXPENSES:

For the Nine Months Ended March 31, 2019

NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for **Actual**, **Budget** and **Prior Year**.

■ Operating Revenues

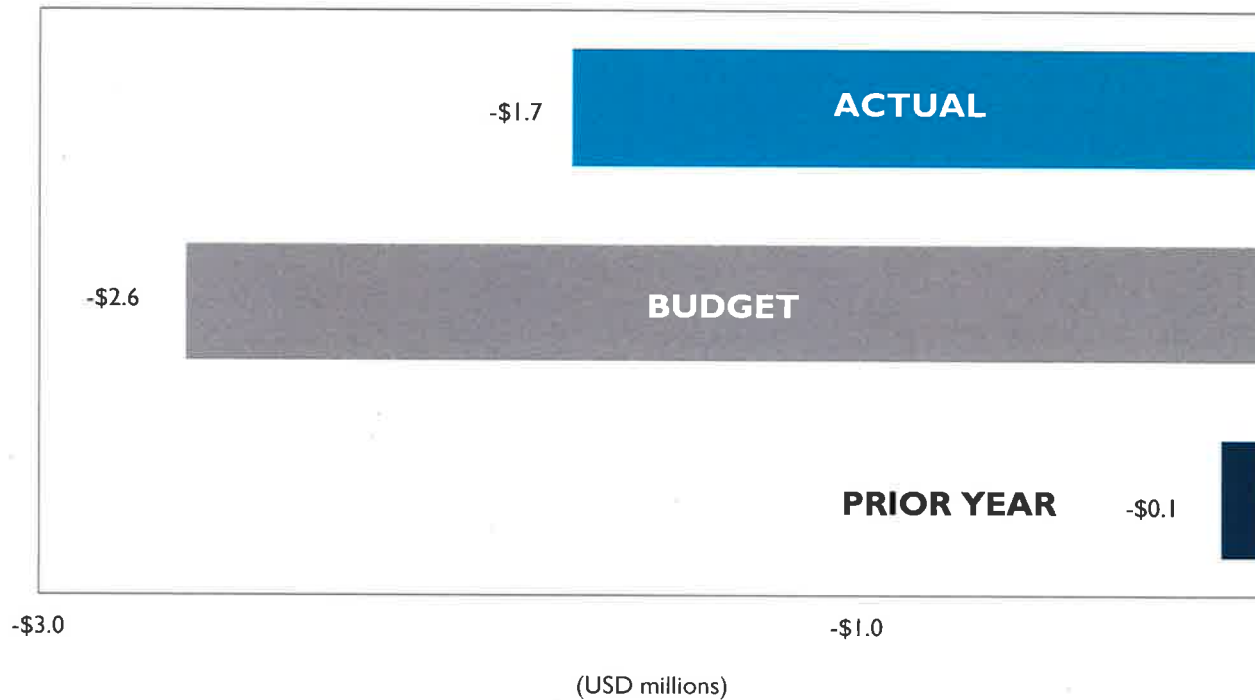
■ Operating Expenses



OPERATING INCOME (LOSS):

For the Nine Months Ended March 31, 2019

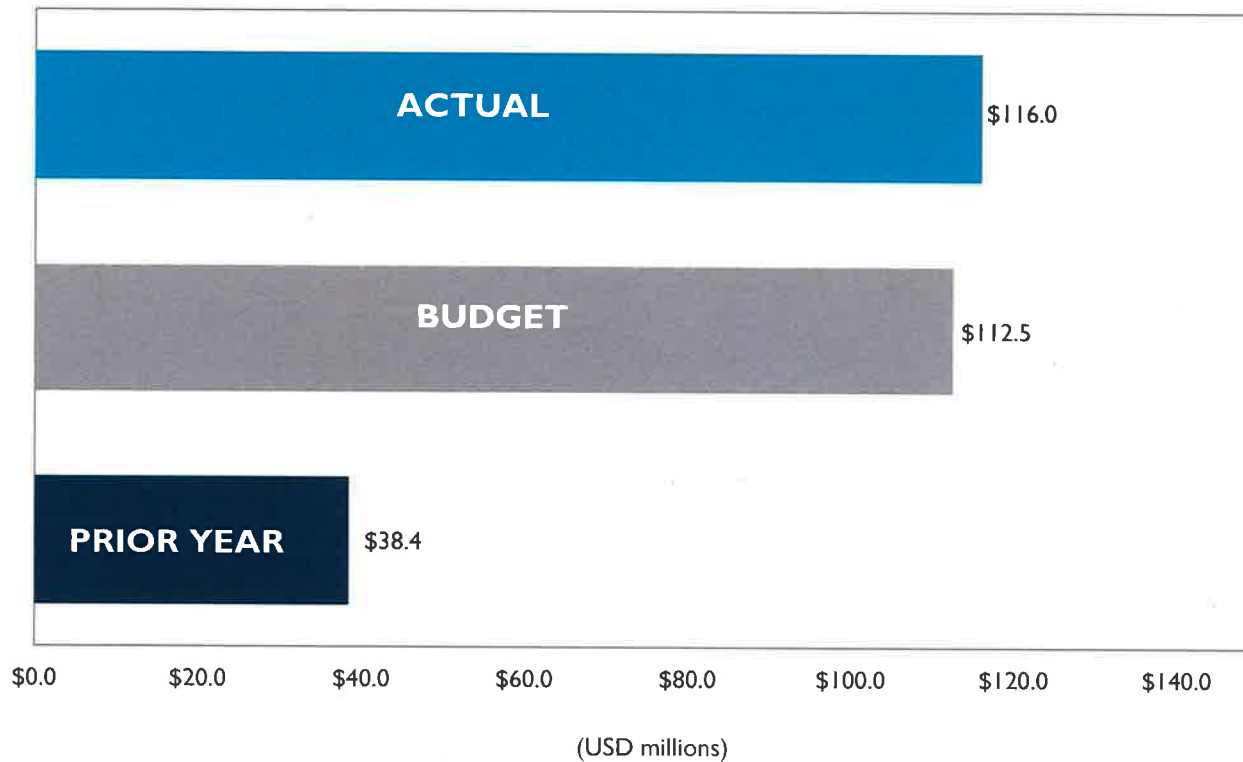
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Nine Months Ended March 31, 2019

NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.

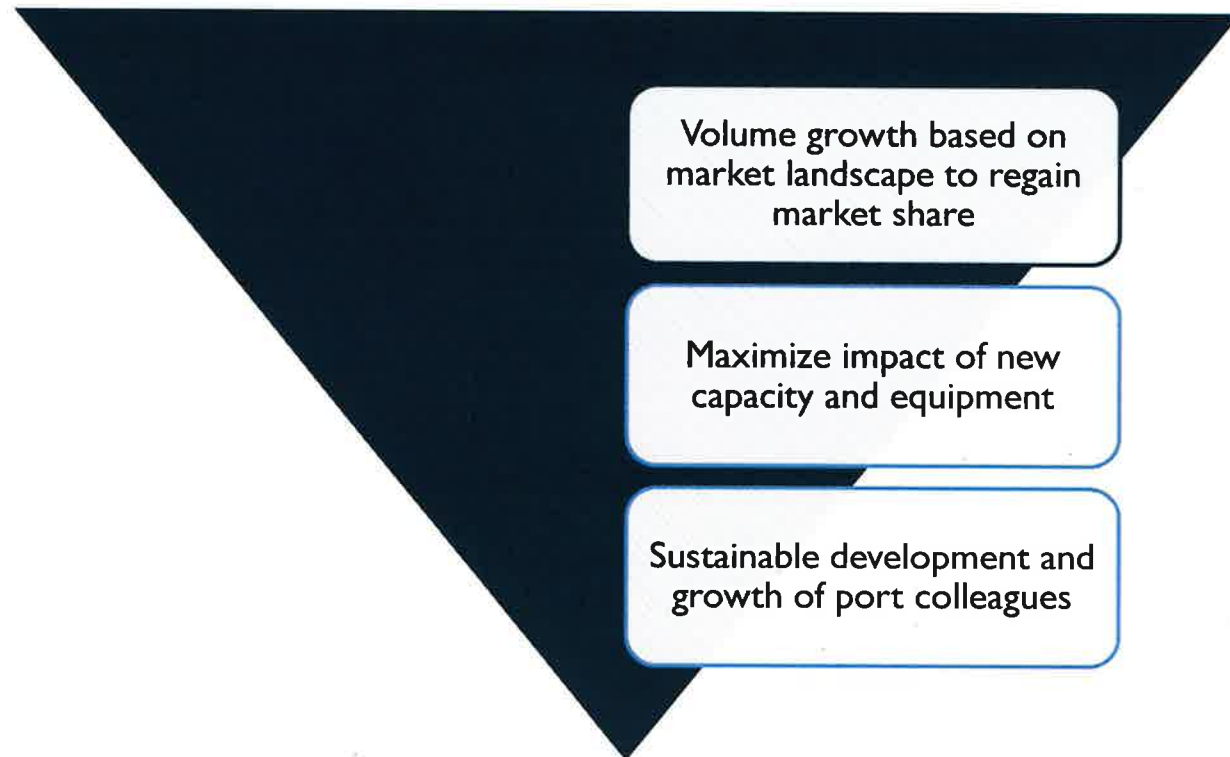


VPA CONSOLIDATED FY20 ANNUAL BUDGET



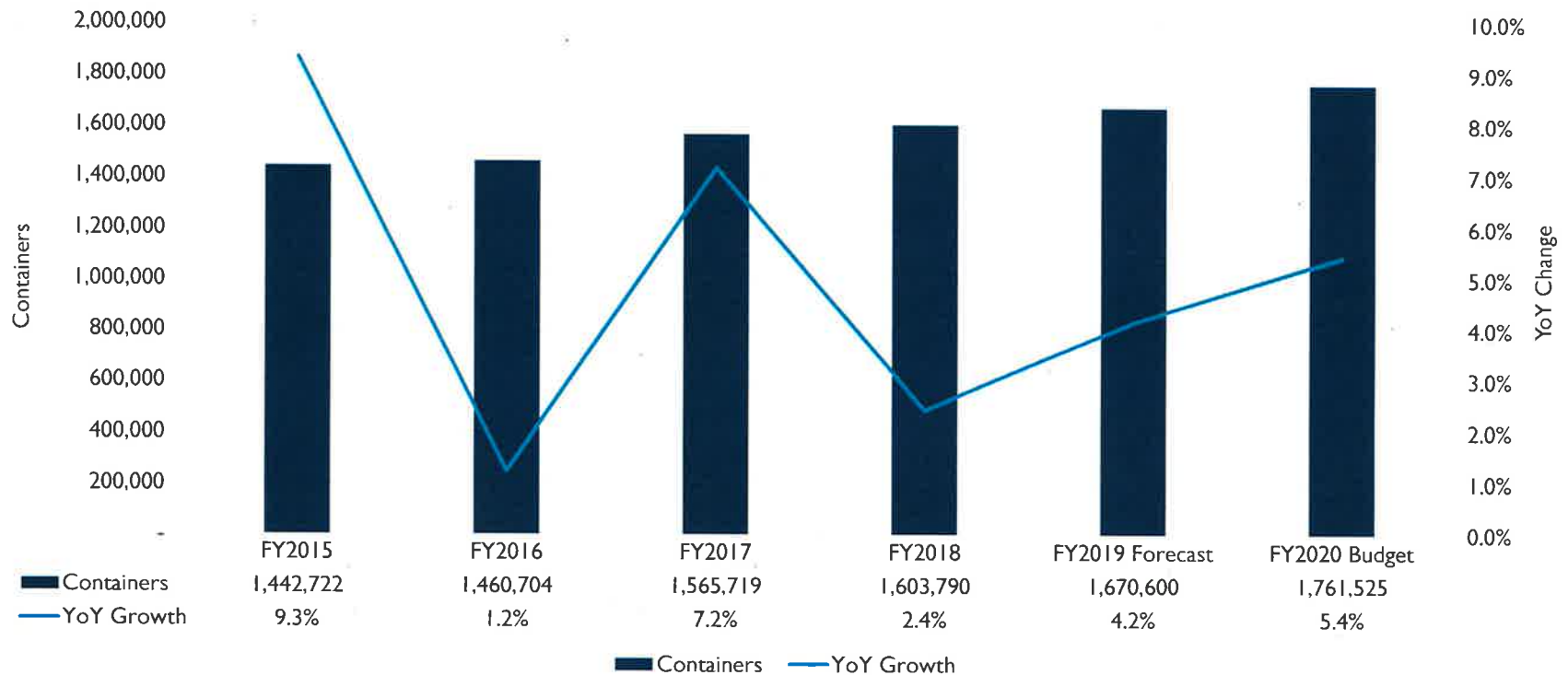
Stewards of Tomorrow

Mindful approach to the process



FY20 Budget

Steady growth in container volume



FY20 Budget

Projected volumes

| Terminal | FY 2019 projected as of 03/22/19 | FY 2020 | Percent Change |
|-----------------------------------|-------------------------------------|--------------------|-------------------|
| NIT | 783,976 containers | 747,667 containers | -4.6% |
| VIG | 737,572 containers | 914,093 containers | 23.9% |
| PMT | 149,052 containers | 99,765 containers | -33.1% |
| Total container volume | 1,670,600 | 1,761,525 | +5.4% |
| | | | |
| NNMT | 23,600 vehicles | 33,600 vehicles | +42.4% |
| VIP | 40,000 containers | 42,120 containers | +5.3% |
| RMT | 34,230 containers | 41,230 containers | +20.5% |

Main assumptions

Volume Growth: 5.4%

CPI: 2.5%

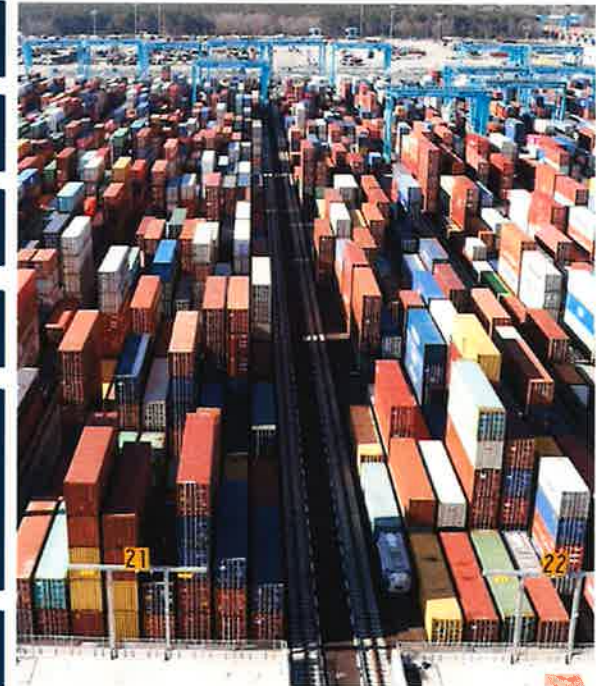
Labor: 4.0%

Schedule of Rates: 3.25%

No New Headcount Planned for FY20

- Annual Pay Increase for Colleagues: 2.5%
- Cost of Benefits Increase: 5.0%

New Capacity Delivered as Planned



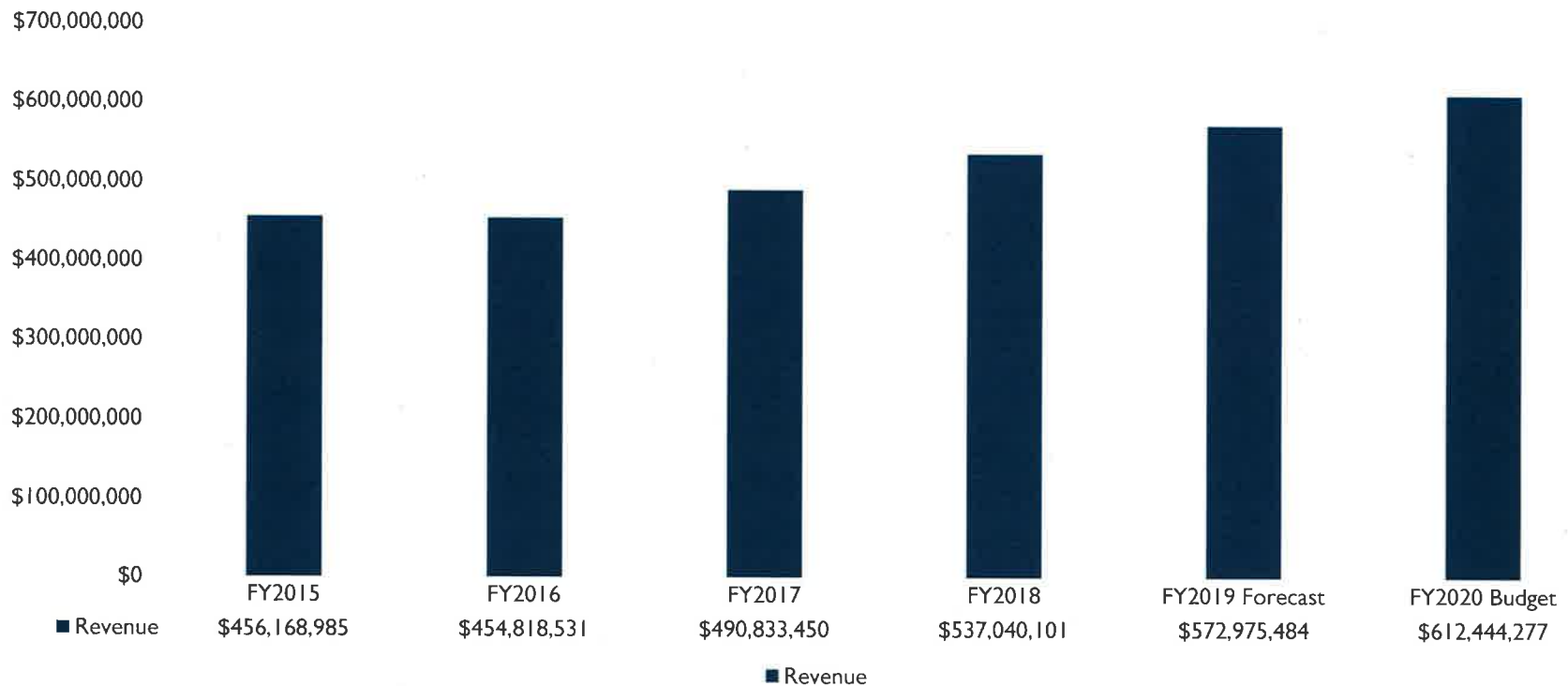
FY20 Budget

FY20 Income Statement

| | FY19 Budget | FY19 Forecast as of Mar 22, 2019 | FY20 Budget as of Mar 22 2019 | FY20 Budget vs FY19 Forecast | |
|----------------------------------|------------------|-------------------------------------|----------------------------------|------------------------------|--------------|
| | | | | Change | % Change |
| NIT Volume | 748,310 | 783,976 | 747,667 | (36,309) | -4.6% |
| VIG Volume | 805,548 | 737,572 | 914,093 | 176,521 | 23.9% |
| PMT Volume | 176,592 | 149,052 | 99,765 | (49,288) | -33.1% |
| Total Volume | 1,730,450 | 1,670,600 | 1,761,525 | 90,925 | 5.4% |
| Terminal operating revenues | \$577,791 | \$556,955 | \$593,224 | 36,269 | 6.5% |
| Other revenues | \$11,939 | \$11,275 | \$12,320 | 1,045 | 9.3% |
| Operating revenues - Grants | \$4,495 | \$4,745 | \$6,900 | 2,155 | 45.4% |
| Total operating revenues | \$594,225 | \$572,975 | \$612,444 | 39,469 | 6.9% |
| Terminal labor | \$147,282 | \$138,147 | \$141,853 | \$3,706 | 2.7% |
| Terminal expenses | \$113,020 | \$106,478 | \$115,202 | \$8,724 | 8.2% |
| Terminal maintenance | \$115,294 | \$113,839 | \$121,158 | \$7,319 | 6.4% |
| General and administrative | \$63,583 | \$63,264 | \$66,487 | \$3,223 | 5.1% |
| Facility rental | \$87,580 | \$88,003 | \$91,062 | \$3,059 | 3.5% |
| Depreciation and amortization | \$67,131 | \$61,739 | \$74,496 | \$12,757 | 20.7% |
| Total operating expenses | \$593,889 | \$571,471 | \$610,259 | \$38,788 | 6.8% |
| Operating income / (loss) | \$336 | \$1,504 | \$2,185 | \$681 | 45.2% |

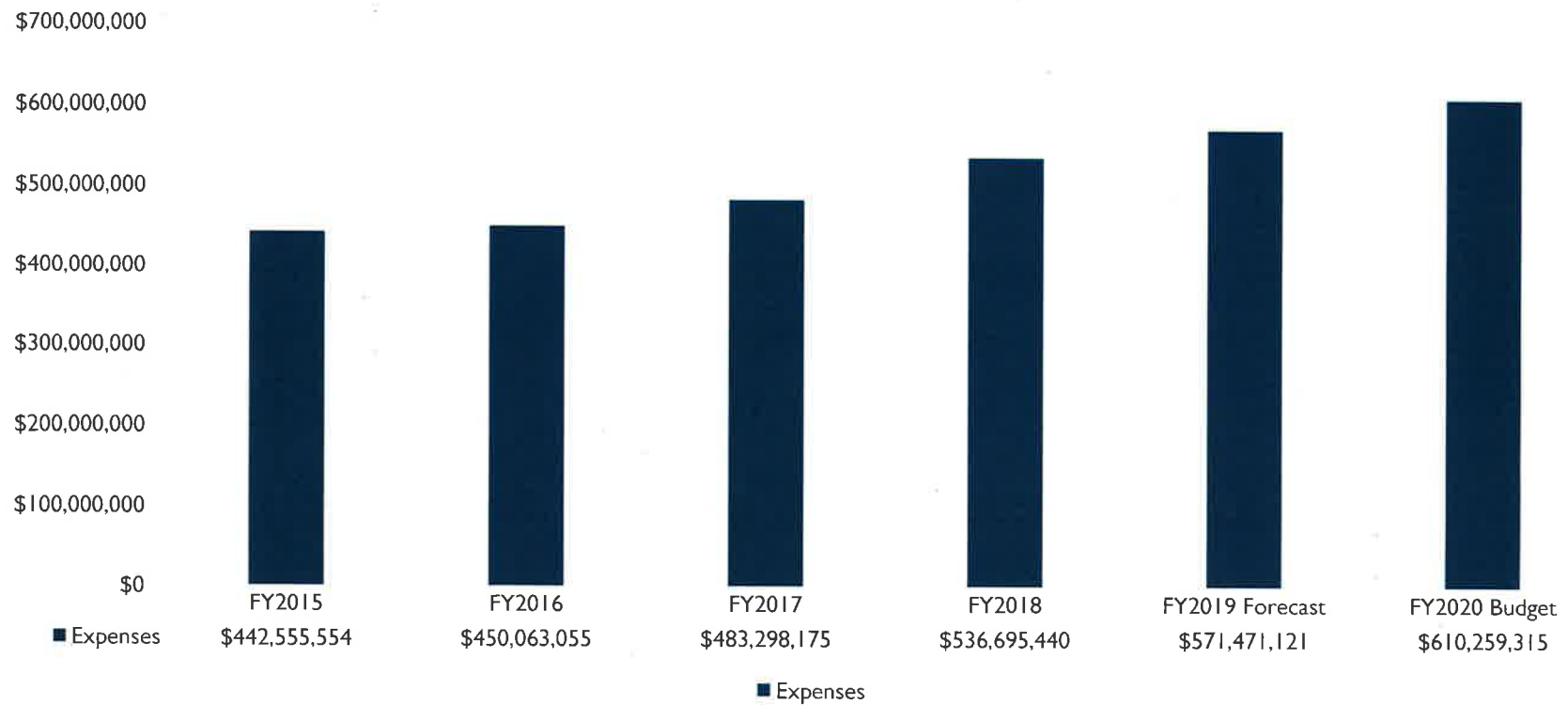
FY20 Budget

Revenue trends continue in a positive direction



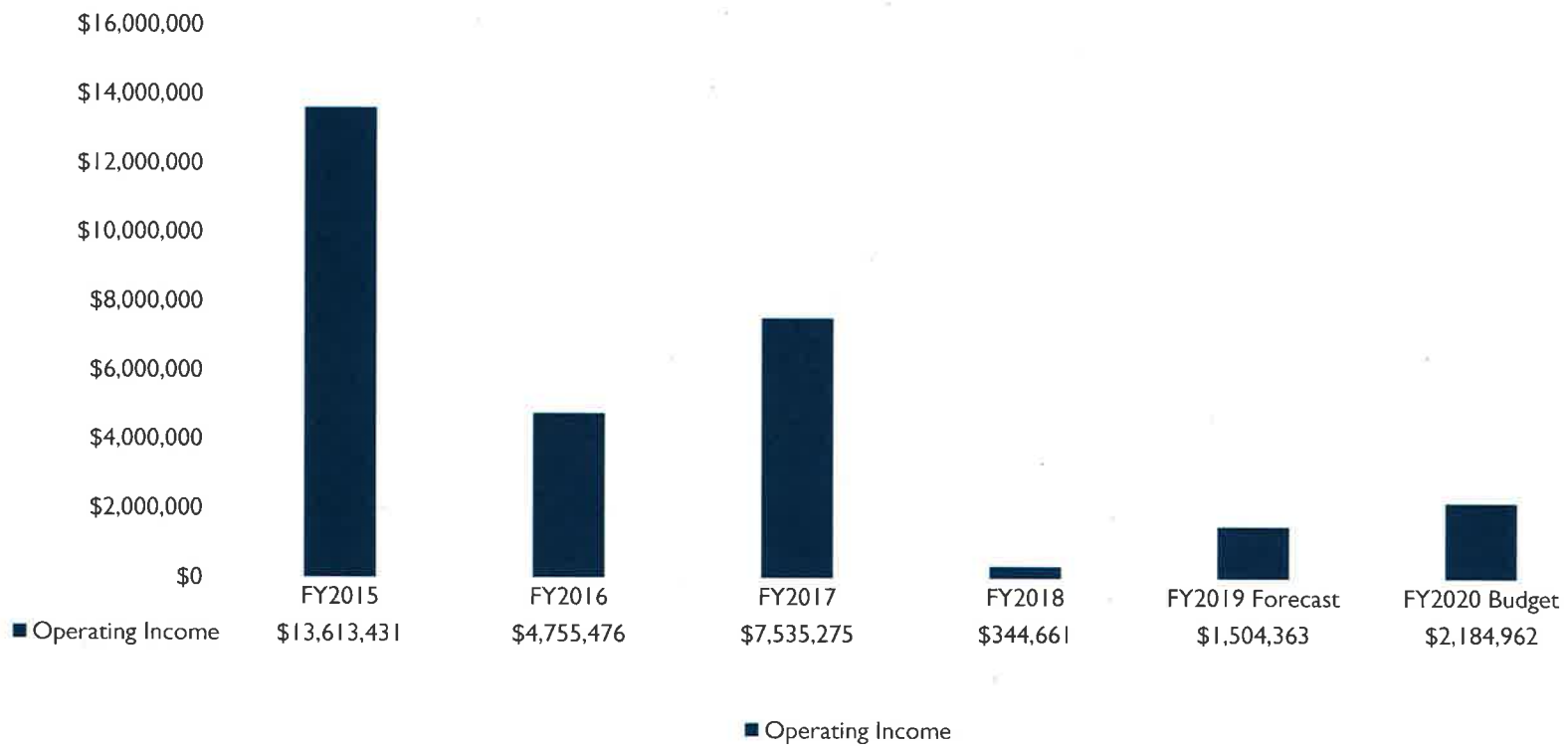
FY20 Budget

Expense trends



FY20 Budget

Run Rate Operating Income Trends



FY20 Budget

Mapping Changes Impact

| | FY20 Budget <i>Prior to Mapping Changes</i> | Changes | FY20 Budget <i>Post Mapping Changes</i> |
|--------------------------------------|-------------------------------------------------------|--------------------|---------------------------------------------------|
| Terminal operating revenues | \$593,223,931 | \$- | \$593,223,931 |
| Other revenues | 12,320,346 | - | 12,320,346 |
| Operating revenues - Grants | 6,900,000 | - | 6,900,000 |
| Total operating revenues | 612,444,277 | - | 612,444,277 |
| Terminal operations | 257,055,196 | 14,528,114 | 271,583,310 |
| Terminal maintenance | 121,157,959 | (6,698,127) | 114,459,832 |
| General and administrative | 66,487,482 | (10,386,209) | 56,101,273 |
| Facility rental | 91,062,471 | - | 91,062,471 |
| Depreciation and amortization | 74,496,205 | - | 74,496,205 |
| Total operating expenses | 610,259,313 | (2,556,222) | 607,703,091 |
| Operating income / (loss) | 2,184,964 | 2,556,222 | 4,741,186 |
| Non Operating income / (loss) | 211,380,866 | (2,556,222) | 208,824,644 |
| Change in Net Position | 213,565,830 | - | 213,565,830 |

FY20 Budget

Capital Outlay Budget

| CAPITAL PROJECTS | | |
|-----------------------------------------------|-----------|--------------------|
| 55 ft Dredging-FY20 and thereafter portion | \$ | 340,000,000 |
| Container Handling Equipment | | 60,125,000 |
| NIT CRY Expansion | | 20,618,600 |
| VIP Rail Expansion | | 11,022,650 |
| Improvements to Container Handling Facilities | | 4,845,600 |
| IT, excluding N4 | | 6,657,916 |
| N4 Related | | 3,025,000 |
| NNMT Dredging | | 3,000,000 |
| Ship-to-Shore Crane Upgrades | | 2,000,000 |
| Shuttle Truck Refurbishment | | 1,600,000 |
| RMT Dredging | | 1,000,000 |
| Miscellaneous other | | 3,638,500 |
| Total | \$ | 457,533,266 |

| SUMMARY OF SOURCES | | |
|------------------------|-----------|--------------------|
| State Grants | \$ | 213,098,875 |
| Federal Grants | | 159,205,437 |
| Terminal Revenue Paygo | | 43,307,375 |
| MELP | | 37,000,000 |
| CPF Paygo | | 4,921,579 |
| Total | \$ | 457,533,266 |



FY20 Budget

Exceeding our bond requirements

| Measure | Minimum Requirement | FY2019 | | FY2020 | |
|-----------------------------------------|---------------------|---------------|-------------------------|---------------------------------------|---------------|
| | | Budget FY2019 | FY2019 Current Forecast | 2016 Masterplan Projection for FY2020 | Budget FY2020 |
| Aggregate Net Revenue Coverage | 1.10 | 1.36 | 1.34 | 1.35 | 1.44 |
| Aggregate Adjusted Net Revenue Coverage | 1.25 | 1.56 | 1.52 | 1.49 | 1.60 |
| Net Revenue Coverage | 1.00 | 1.26 | 1.24 | 1.28 | 1.35 |



FY20 Budget

Summary

- Aggressively increase market share
- Maximizing use of new capacity and technology
- Making sustainable investments
- Positive cash flow and improving debt service coverage ratios

FY 16 – FY 19 YTD SWaM RESULTS

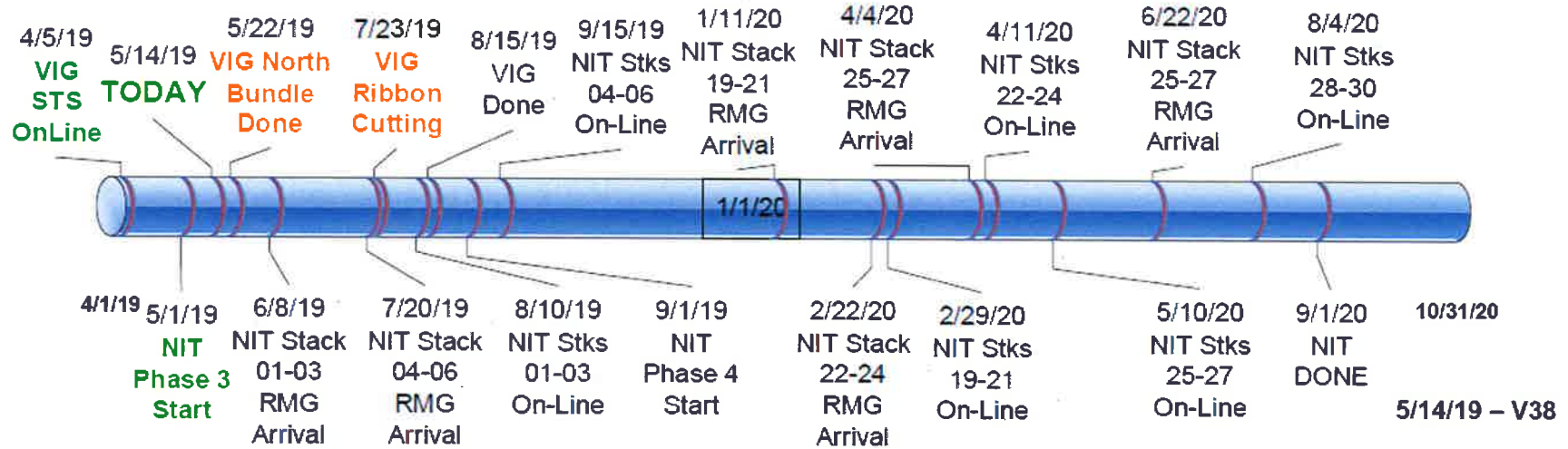
| FY | VPA Discretionary Expenditures | Total SWaM Dollars | % SWaM Dollar Growth | Goal Set | Goal Actual |
|------------|--------------------------------|--------------------|----------------------|----------|-------------|
| FY16 | \$50,315,411 | \$9,559,928 | -21.00% | 42.00% | 19.00% |
| FY17 | \$68,710,428 | \$8,389,543 | -12.00% | 20.00% | 12.21% |
| FY18 | \$189,518,850 | \$61,330,069 | 587.00% | 22.50% | 32.36% |
| FY19 Q1-Q3 | \$109,341,256 | \$51,939,566 | 142.75% * | 27.50% | 47.50% |

* Compared to FY18 Q1-Q3

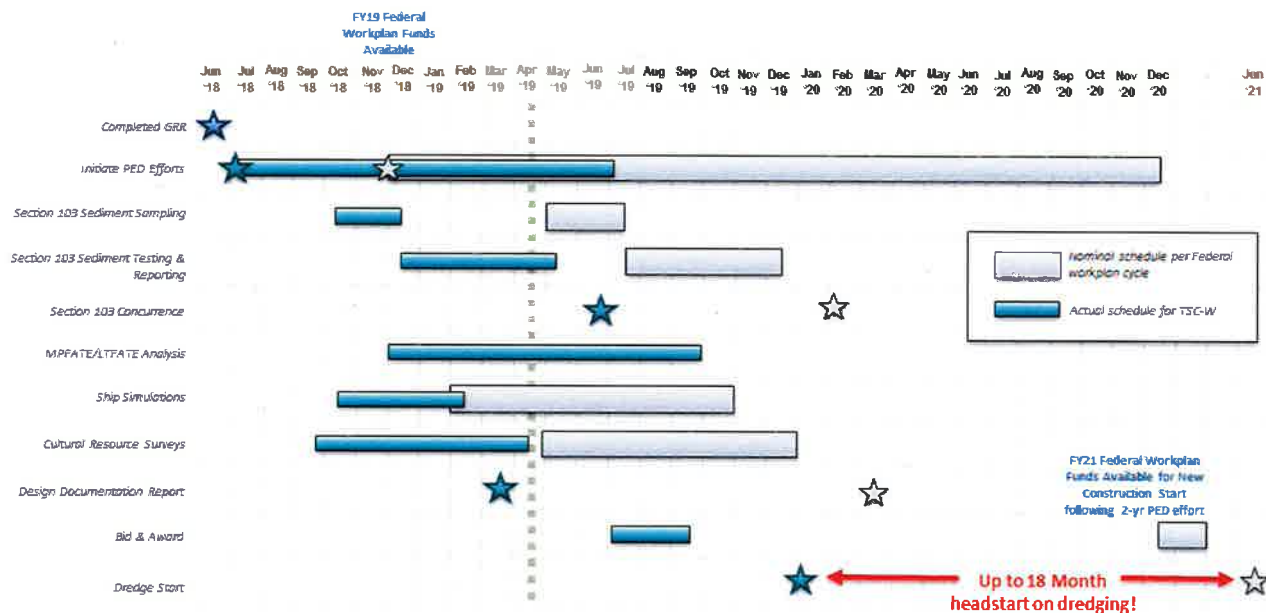
PORT OF VIRGINIA VOLUMES – FYTD (April 2019)

| | FY 2018 | FY 2019 | Change | % Change |
|-------------------------------|-------------------|-------------------|------------------|---------------|
| Total TEUs | 2,367,006 | 2,438,633 | 71,627 | 3.0% |
| Export Loaded TEUs | 836,909 | 797,987 | (38,923) | -4.7% |
| Export Empty TEUs | 420,868 | 483,248 | 62,381 | 14.8% |
| Import Loaded TEUs | 1,088,981 | 1,139,033 | 50,053 | 4.6% |
| Import Empty TEUs | 20,249 | 18,365 | (1,883) | -9.3% |
| Total Containers | 1,341,723 | 1,371,102 | 29,379 | 2.2% |
| General Cargo Tonnage | 18,430,325 | 18,308,319 | (122,006) | -0.7% |
| Container Tonnage | 18,269,869 | 18,163,470 | (106,399) | -0.6% |
| Breakbulk Tonnage | 160,456 | 144,849 | (15,607) | -9.7% |
| Total Rail Containers | 470,575 | 471,105 | 530 | 0.1% |
| VIP Containers | 29,881 | 33,124 | 3,243 | 10.9% |
| Total Barge Containers | 40,941 | 45,381 | 4,440 | 10.8% |
| RMT Containers | 22,293 | 27,787 | 5,494 | 24.6% |
| Total Truck Containers | 830,207 | 854,616 | 24,409 | 2.9% |
| Ship Calls | 1,431 | 1,320 | (111) | -7.8% |
| Vehicle Units | 27,005 | 20,011 | (6,994) | -25.9% |

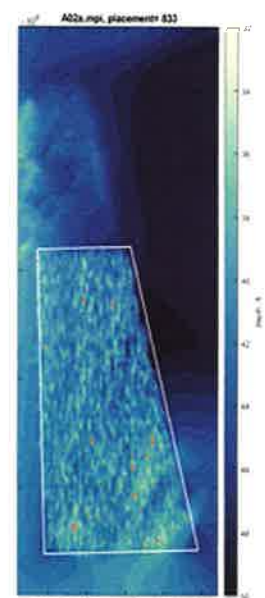
Timeline



NORFOLK HARBOR & CHANNELS DEEPENING



Single DNODS cell placement
MPFATE (Non-conforming)



Two-cell placement
MPFATE (Conforms)

FEDERAL GOVERNMENT AFFAIRS

Congress of the United States
Washington, DC 20515

April 4, 2019

The Honorable Nita Lowey
Chairwoman, House Committee on
Appropriations
H-305 The Capitol
Washington, D.C. 20515

The Honorable Marcy Kaptur
Chairwoman, House Subcommittee on
Energy and Water Development, and Related
Agencies
H-305 The Capitol
Washington, D.C. 20515

The Honorable Kay Granger
Ranking Member, House Committee on
Appropriations
1016 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mike Simpson
Ranking Member, House Subcommittee on
Energy and Water Development, and Related
Agencies
1016 Longworth House Office Building
Washington, D.C. 20515

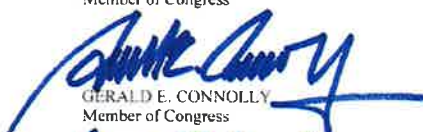
Dear Chairwoman Lowey, Ranking Member Granger, Chairwoman Kaptur, and Ranking Member Simpson:

As the Committee prepares its FY20 Energy and Water Appropriations Bill, we respectfully request that you adequately fund the Army Corps of Engineers civil works program at \$2.6 billion and include bill language directing at least one construction new start for navigation.

Breaking down this request by accounts, we are requesting the subcommittee provide the coastal navigation program with no less than \$2.128 billion, of which at least \$500 million should be for Construction projects, \$1.59 billion for Harbor Maintenance Trust Fund-related Operations and Maintenance (O&M) work, and \$50 million for the Donor and Energy Ports program.


Sincerely,


ROBERT C. "BOBBY" SCOTT
Member of Congress


GERALD E. CONNOLLY
Member of Congress


DONALD S. BEYER JR.
Member of Congress


BEN CLINE
Member of Congress


DENVER LEE RIGGLEMAN III
Member of Congress


JENNIFER WEXTON
Member of Congress


ROBERT J. WITTMAN
Member of Congress


H. MORGAN GRIFFITH
Member of Congress


A. DONALD MCEACHIN
Member of Congress


ELAINE E. LURIA
Member of Congress


ABIGAIL D. SPANBERGER
Member of Congress