

MINUTES

Virginia Port Authority (VPA) Board of Commissioners Annual Meeting – Session 394

Meeting Location:

Virginia International Gateway (VIG)
1000 Virginia International Gateway Boulevard
Portsmouth, Virginia
Tuesday, July 23, 2019

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its Annual Meeting on July 23, 2019, in the 4th Floor Conference Room of VIG, located at the address above. 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
Alan A. Diamonstein
Val S. McWhorter
Stephen Moret
Faith B. Power
John N. Pullen
Kim Scheeler
Louisa M. Strayhorn
Deborah C. Waters

Commissioners Absent:

J. William Cofer
Manju S. Ganeriwala, State Treasurer

VPA Staff:

John F. Reinhart, CEO and Executive Director
Rodney W. Oliver, Chief Financial Officer
Cathie Vick, Chief Public Affairs Officer
James Bibbs, Chief Human Resources Officer
Joseph P. Ruddy, Chief Innovation Officer
Sarah McCoy, General Counsel
Matthew Barnes-Smith, Sr. Vice President, Administration Services & Compliance
Russell Held, Vice President, Economic Development
Daniel Hendrickson, Vice President, Strategic Planning & Analytics
Jay Stecher, Vice President, Marketing & Communications
Mark Thorsen, Vice President Technology/Chief Information Officer

VPA Staff (continued):

Joe Harris, Senior Director, Media Relations
Ron Green, Director, Process Excellence
Dustin Rinehart, Director, State & Local Government Affairs
Carla Welsh, Director, Creative Services
Bevan Calo, Manager, Digital Media & Traffic
Erika Snow, Manager, Human Resources
Kelly Taylor, Information Technology Technician
Debra J. McNulty, Secretary to the Board
Jodie Asbell, Senior Executive Administrative Assistant & Deputy Secretary to the Board
Abigail Toohey, Legal Intern

Virginia International Terminals, LLC (VIT) Staff:

Shawn Tibbetts, President and Chief Operations Officer
Thomas D. Capozzi, Chief Sales Officer
Kevin Price, Senior Vice President, Operations

Guests:

Hon. Shannon Valentine, Secretary of Transportation
John Lawson, Deputy Secretary of Transportation
Julie Whitlock, Office of the Attorney General
W. Brice Fiske, Office of the Attorney General
Bryant McGann, Vandeventer Black LLP
Frank Borum, Atlantic Intermodal Services, LLC
JoAnne Carter, PFM Financial Advisors, LLC
Wil Fedew, Virginia Maritime Association
Danny Glover, GTL Transport Co.
Savannah Pegg, DLS Engineering

Introductions

Mr. Ruddy conducted the safety briefing and Mr. Calo introduced guests who were in attendance. Chairman Milliken asked for the report of the Nominating Committee at this time.

I. Election of Officers

Report of the Nominating Committee and Election of Officers for the year July 1, 2019 through June 30, 2020.

Nominating Committee

Val. S. McWhorter, Chair
Faith B. Power
Kim Scheeler

Mr. McWhorter read the following:

Pursuant to Article III, Section 3.3, of the Bylaws of the VPA, the Board elects a Chair and a Vice Chair and may elect from its membership or appoint from the staff a Secretary and a Treasurer. The Board may also appoint from the staff an Assistant Secretary and an Assistant Treasurer.

Mr. McWhorter reported that the Nominating Committee met on July 22, 2019, and unanimously recommended reappointment of the following slate of officers for the year ending June 30, 2020:

Chairman	John G. Milliken
Vice Chairman	F. Blair Wimbush
Treasurer	Rodney W. Oliver
Secretary	Debra J. McNulty
Assistant Secretary	Jodie L. Asbell

Action: On behalf of the Nominating Committee, Mr. McWhorter made a motion for the Board to approve the Nominating Committee's recommendation to reappoint the current slate of officers. The motion was seconded by Ms. Strayhorn. The Board closed the floor for nominations and, by an affirmative vote (9-0), with the exception of Chairman Milliken and Vice Chairman Wimbush, reappointed Board officers for the fiscal year ending **June 30, 2020**.

Chairman Milliken thanked the Nominating Committee for their vote and for their confidence in the leadership of the Board.

II. Appointments to Standing Committees

Chairman Milliken announced that he would make appointments to Standing Committees at the September 24th board meeting. The Chairman invited Commissioners to contact him if anyone wishes to change committee membership and that he would take their requests into consideration when determining appointments. Chairman Milliken also noted that Resolution 14-12 created the formation of an Investment Committee, with membership consisting of the chair of the VPA Board, chair of the Finance and Audit Committee, CEO/Executive Director, Chief Financial Officer, and Chief Human Resources Officer. He explained that the membership for that committee would not change.

III. Other Business

There was no other business to report.

IV. Adjournment

There being no further business, the annual meeting adjourned at 9:05 a.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debra J. McNulty". The signature is written in dark ink and is positioned above the printed name and title.

Debra J. McNulty
Secretary to the Board

MINUTES

Virginia Port Authority (VPA) Board of Commissioners – Public Session 395

Meeting Location:

Virginia International Gateway (VIG)
1000 Virginia International Gateway Boulevard
Portsmouth, Virginia
Tuesday, July 23, 2019

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on July 23, 2019, immediately following the annual meeting, which was held at the location above. VPA Board Chairman John G. Milliken called the meeting to order at 9:05 a.m.

All attendees from the annual meeting, held previously, were present (see Annual Meeting minutes).

Presentation

Recognizing the Service of John N. Pullen as a Member of the
Virginia Port Authority Board of Commissioners

Chairman Milliken announced that Commissioner John Pullen’s term has ended on the VPA Board and that he would not seek reelection. On behalf of the Board and senior leadership team, the Chairman presented Mr. Pullen with a shadowbox commemorating his time in service that included an aerial photo of the completed Virginia International Gateway (VIG) terminal expansion and Port of Virginia challenge coins. Chairman Milliken commended Mr. Pullen for his service and remarked that he “helped steer the course” both as a member of the board and a valuable customer of the Port. The Chairman remarked that the completion of VIG is a “measuring stick of your service here” and said it was good that Mr. Pullen could be with the Board at today’s ribbon-cutting event to celebrate the completion of the terminal.

Mr. Pullen expressed his appreciation to the Board and leadership team for the recognition and he remarked on the progress at The Port of Virginia over the last eight years of his term on the Board. Mr. Pullen commended Mr. Reinhart and the team for their vision and strategy. He reminisced briefly on his initial meeting with Mr. Reinhart when he was a candidate for Executive Director. Mr. Pullen also expressed his appreciation to Governor McDonnell who appointed him to the VPA Board and for the reappointment by Governor McAuliffe. He also expressed appreciation to Chairman Milliken for his leadership and executing the vision for the Port. He concluded by saying he would miss his time on the Board as this was his last meeting.

At this time, Chairman Milliken welcomed Secretary Valentine and the Deputy Secretary, John

Lawson.

I. Approval of Minutes

Action: Minutes of the meeting held May 21, 2019 were approved as circulated.

II. 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 on July 22, and discussed several confidential matters and that there was no action taken and nothing further to report.

The Chairman then referred to the Memorandum of Board Action, a copy of which was in the agenda folder. Chairman Milliken reported that he and Faith Power, as chair of the Finance and Audit Committee, and pursuant to Sec. 3.4.1 of the VPA Bylaws, approved an extension of the Service Agreement with James River Barge Line (JRBL), for the addition of a second barge for operations to and from Richmond Marine Terminal (RMT). The Chairman talked about the importance of the barge service and the continued growth of the Richmond Marine Terminal.

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

I. Report of Finance and Audit Committee

Ms. Power reported that the Finance and Audit Committee met yesterday afternoon and received presentations from management on May year-to-date financial results, the status of financial system implementations, an overview of a planned update of the organization's Master Plan, a report from the Administration Services and Compliance Division, and an update on dredging.

With regards to the financial system implementations, it was reminded by Ms. Power that the PeopleSoft implementation went "live" on April 29th, as anticipated. She advised that the team is working through setup issues, a learning curve, and new processes. Ms. Power announced that the timeline for the billing system implementation was pushed back to ensure an orderly transition.

Ms. Power reported that work is underway to update the Port's Master Plan, which was last updated in 2016. She advised that management plans to take a two-staged approach to the implementation, and that the first stage would be the development of expectations for the next six years. Once that stage is complete, management will work on updating the plan through the life of the VIG lease.

Ms. Power reported that Mr. Barnes-Smith presented the following for the Administration Services & Compliance Division:

- Update on three potential real estate transactions
- Addressed 4th quarter Small, Women, & Minority (SWaM) procurement results
- Discussed an update of the Virginia Port Authority's procurement and capital outlay manual

Ms. Aument took a moment to commend the team on the completion of VIG which, she said, is "the nerve center of our business". She remarked that the celebratory "ribbon-cutting" scheduled for 2:00, will let people know what a huge accomplishment it was to complete the terminal expansion while maintaining operations. Ms. Aument compared the project to "changing a tire while driving down the road at 60 miles per hour".

2. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the month ended May 31, 2019, and FY19 year-to-date (July-May) – Rodney W. Oliver, Chief Financial Officer

Mr. Oliver announced that the full fiscal year-end results were not available at this time and anticipated having unaudited financials by the end of the week to provide to the VIT auditors when they arrive next week. Mr. Oliver mentioned that an interim audit was conducted in June and that there were no findings, management comments or issues.

Mr. Oliver presented the consolidated financial results of VPA, VIT and HRCP (hereafter "POV") for the month of May and reported that revenues were slightly below budget yet substantially ahead of last year (+6.5 percent) and volume was ahead by +8.3 percent ahead of FY2018 May volume. Mr. Oliver reported that May operating expenses were below budget expectations.

Mr. Oliver announced that POV had an operating income of \$2 million for the month of May which he said exceeded budget expectations. He reported the overall change in net position was about \$11 million below budget expectations and he explained how the timing of state grant revenues (\$10 million) for the 55-foot dredging project affected net position.

Mr. Oliver then reported on the 2019 fiscal year-to-date (July 1-May 31) financials and announced that revenues were +6 percent higher than last year yet below budget expectations. Volume through the first 11 months of the year were +2.7 percent ahead of expectations. Mr. Oliver reported that operating expenses were substantially below budget expectations. He advised that POV is in a good place heading to the last month of the fiscal year. Mr. Oliver announced that operating income for the first 11 months of the fiscal year were \$554,000 versus a budget of \$300,000 operating income which is slightly ahead of budget. He reported change in net position is tracking well for the end of the fiscal year which was slightly behind budget due to the timing of the Norfolk International Terminals (NIT) South grant funds.

Mr. Oliver also provided an update on the Port's third draw under the Master Equipment Lease Program (MELP) for approximately \$22 million for the two ship-to-shore cranes destined for NIT South. He advised the closing was on July 15, 2019. He thanked Secretary Valentine and her administration for securing the Governor's signature for the approval within such a short timeframe. Mr. Oliver advised that market conditions were excellent resulting in a 9-year swap rate of 1.87% - the lowest in three years since the MELP was established. The borrowing cost for the draw was finalized at 2.52 percent.

A copy of Mr. Oliver's presentation is attached.

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 July 22nd and Shawn Tibbetts, VIT's President & Chief Operations Officer, reviewed the port's Lost Work Day rate for FY19 and OSHA total recordable incident rate. Mr. Diamonstein reported that the Committee heard reports on peak season planning, improvements with the Truck Reservation System (TRS), current events at Newport News Marine Terminal (NNMT), Portsmouth Marine Terminal (PMT), and Richmond Marine Terminal (RMT), and business prospects that included military vessels and layberth opportunities. He reported that Mr. Tibbetts reviewed rail volumes and dwell times, strategies for rail growth, gate volumes, turn-times, and provided an update on the Hampton Roads Chassis Pool operations. Mr. Tibbetts also demonstrated how the TRS has positively impacted trucking turn-times at NIT and VIG and gate performance. He concluded with a review of cost per lift.

Mr. Diamonstein announced that the Committee then heard from Rich Ceci, VIT Vice President Technology and Project Management, who presented a status report on projects, which are all on schedule and within budget. Mr. Ceci reviewed progress on the South NIT

optimization phases, VIG II expansion, and project timelines. Mr. Diamonstein mentioned that everyone looked forward to the ribbon-cutting ceremony at 2:00 to celebrate the completion of VIG Phase II.

Mr. Diamonstein reported that Tom Capozzi, Chief Sales Officer, provided a Fiscal Year 2019 ship line contract review and discussed prospects for rail growth, service updates, ocean carrier moves, and new business announcements in FY19. Mr. Capozzi also provided an update on refrigerated cargo, inland terminal activities, diversified cargo opportunities at NNMT and PMT, customer service, and peak season meeting preparations.

Mr. Diamonstein reported that Joe Ruddy, Chief Innovation Officer, closed the meeting talking about performance optimization of our semi-automated facilities through data and system integration.

2. Report on Safety/Operations – Shawn Tibbetts, President & Chief Operations Officer, Virginia International Terminals, LLC (VIT)

Mr. Tibbetts reported that the POV OSHA Lost Work Day (LWD) rate of 2.56 per man hours for FY19, compared to the goal of 2.0, which he said was not acceptable. Mr. Tibbetts explained that POV also monitors the Total Recordable Injury Rate (TRIR) which, he described, is a more holistic picture of the health and safety of the employees who work in the port. He confirmed that TRIR is trending in the right direction and that safety efforts are continual in order to make the Port the safest in the country.

Mr. Tibbetts reviewed rail versus gate/barge volumes overall and NIT, VIG, and PMT individually. He reported that volume in June was 134,371 container lifts which was up by 5.6 percent over last year. He thanked Mr. Price, the operations/maintenance teams, and teams across the port for handling the volumes, especially during construction. Mr. Tibbetts reviewed rail volumes and dwell times at each of the terminals and reported increases at NIT and VIG. He explained that PMT's rail volumes were down due to the rail services being returned to VIG and NIT. Mr. Tibbetts explained that the technology at VIG is complicated and that the team has been able to work through it and implement solutions, making it the best rail facility in the country in terms of processing rail freight.

Mr. Tibbetts then reviewed gate turn-times at each of the three terminals and demonstrated how truck visits with turn times over two hours have greatly diminished from October 2018-June 2019. Mr. Tibbetts thanked Mr. Borum and Mr. Glover and the motor carrier community for their partnership.

(Mr. Gordon Rago, reporter with *The Virginian-Pilot*, arrived at this time.)

Mr. Tibbetts reported net crane moves per hour (CMPH) averaged 30.9 and he advised that the goal is 35 CMPH for the short-range goal and eventually 40 CMPH for the long-range goal. He explained how Mr. Ruddy's Process Excellence team is assisting Mr. Price and the operations team to work across the port on processes to improve productivity for the ship lines.

3. Sales Report – Thomas D. Capozzi, Chief Sales Officer

Mr. Capozzi presented fiscal year-to-date volumes for fiscal year 2019 (attached) and pointed out several highlights. He reported that total TEU's (20-foot equivalent units) increased by (+)3.9 percent and (+)3 percent in containers. He noted that POV handled 47,000 more containers while NIT South and VIG were under construction. Mr. Capozzi explained that growth was driven by empty export TEUs and loaded imports. He announced that most of the growth occurred in the second half of the fiscal year and that calendar year-to-date volumes are up by (+) 6 percent (TEUs) and (+)5 percent (containers). POV handled 38,000 more containers in that six-month period.

Mr. Capozzi reported that rail containers were up slightly by (+)0.8 percent which is accelerating in the second half of the year (up +4.2 percent). He reported that barge containers remain strong at 9.7 percent growth which is driven by the Richmond barge, handling over 33,000 containers this fiscal year and truck growth grew by (+)3.8 percent.

Mr. Capozzi presented a page from the July 2019 *Global PortTracker*, published by the National Retail Federation, that reviewed Port of Virginia retail import performance, primarily from the Asia trade. He announced that The Port of Virginia outperformed the East Coast average of 7.2 percent in the first half of FY19, with 7.7 percent growth.

Mr. Capozzi announced that the sales teams attended a total of 108 events throughout the year including the following trade shows, conferences, and events:

- Attended several Journal of Commerce trade shows
- TransAtlantic Pacific Conference (TPM) in Long Beach - reception hosted by POV and dinner with high-level executives
- Evergreen's 50th Anniversary in Taipei
- Various trade shows throughout the U.S. ex: Columbus, Chicago, Detroit
- As POV expands new commodities in PMT and NNMT, Aaron Katrancha, Director of Breakbulk and Jeanne Heilman, Area Manager, Midwest, attended the Automotive Logistics shows in San Diego and Detroit.

- POV partnered with VMA/HRSA and attended an intermodal trade show in Sao Paulo and break-bulk conference in Germany

Mr. Capozzi concluded with the following Sales Division FY19 wrap up:

- Ocean Carrier Sales – Seven service agreements signed representing 37.3 percent of POV's overall business
- Cargo Sales – Targeted commodities are up 1.1 percent despite tariff impacts
- Breakbulk/Ro-Ro (roll-on/roll off) – Leadership transition brings new opportunities
- Customer Service – Realigned structure and implemented a new CRM (customer relationship management) system
- Inland Terminals – Richmond Marine Terminal business is up 21.2 percent over last fiscal year

Chairman Milliken asked everyone to look out the window overlooking VIG terminal operations and he commented how the activities on the terminal are the results of efforts by POV teams around the world. He pointed out the four new ship-to-shore cranes offloading containers from the COSCO Faith and also mentioned that the new 800-foot berth can handle three ultra large container vessels (ULCVs).

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

Mr. Ruddy reminded the Board that he reported on Phase 1 of the Commercial Pricing Website at the May meeting and he announced that Phase 2 of the website was completed in June and he described the enhancements that were added. Mr. Ruddy explained that the website is a new tool to allow port customers to electronically receive a quote more efficiently that will provide fast and accurate information, reducing the number of emails.

Mr. Ruddy described the beneficial results of POV's targeted/strategic messaging and digital ads. He commended the work of the Marketing and Communications team which earned POV four communications awards from the American Association of Port Authorities (AAPA) this year, for the following:

- Sustainability Report
- Annual Report
- Virginia Advantages publication
- 2019 State of the Port presentations

Mr. Ruddy reviewed some of Process Excellence's ongoing and completed projects in FY19:

- Operations & Maintenance:

- Assistant Operations Managers (AOM)-Process Rotation Program Vessel Productivity Improvement:
 - Training repository
 - Handheld equipment issue
 - Cargo-handling equipment uptime
- Shared Services and Port-Wide projects:
 - Centralized Warehouse Planning – Supply Management Planning & Support
 - Dispute Resolution
- Strategic Planning & Analytics – Berth Planner & Vessel Performance Dashboard

Projects Update

Mr. Ruddy commended the Project Team that delivered the following projects within budget and on-time:

- VIG Phase II
- NIT Vessel Auto Stow
- NIT Optimization
- Finance Projects – Billing
- Finance Projects – PeopleSoft
- Business Intelligence
- IT Business Continuity
- Rail-Mounted Gantry (RMG) Crane(s) Refurbishment

Mr. Ruddy described the work-in-progress on the South NIT optimization project and reported that Phase 1 is completed and work will be completed on Phase 2 (parallel stacks) by September 15, 2019. He announced that six more RMGs will be delivered on July 24th, for Phase 2, and that Phase 3 will be delivered to operations in April 2020 with the the project anticipated to close in September 2020.

Mr. Ruddy announced that the VIG II project is complete except for refurbishment on some of the original stacks. He reported that the rail yard at VIG has been delivered to operations and is a world-class facility that can handle over 480,000 units on a yearly basis and has the capacity to expand by adding additional cranes. Mr. Ruddy announced that the stack yard is also complete and in operation. He closed with the “Rendering to Reality” photo of VIG and thanked the operations team, project team, partners in the maritime community, and International Longshoremen’s Association (ILA).

At this time, Chairman Milliken recognized Alinda Capital Partners and USS Investment Management Limited, the owners of VIG, and their capital investment of \$320 million as a result of VPA’s 50-year lease to operate the facility. The Chairman also mentioned the comments of

Mr. Chris Beale of Alinda, who complimented the Port for a project that was delivered within budget and on-time.

IV. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs announced that results from POV's employee pulse surveys revealed that employees asked for more personal and professional development opportunities. He described the following initiatives:

Personal Development Opportunities:

- College Roadshow
- Meyers-Briggs Type Indicator (MBTI)
- The Book Galley

Professional Development Opportunities:

- Outreach Ambassador
- Toastmasters
- Leadership Development Program

Mr. Bibbs presented a photo of this year's summer interns and he described some of the projects the college students were assigned. He referred to the summer intern booklet that was prepared by Human Resources, copies of which were circulated, that described each student and the project that they developed. Mr. Bibbs announced that on July 26th at 9:30 a.m., interns' presentations will be displayed in the Virginia Port Authority board room and he invited commissioners to attend.

Mr. Bibbs reviewed recruitment and attrition metrics for the fiscal year, new hire and POV demographics, and training metrics. He explained that attrition metrics are higher this fiscal year and that POV is challenged with upcoming retirements. Mr. Bibbs reported that total minority metrics are improving; average age of new hires is currently at 35.97 and POV average age is 45-54 years.

(Arriving at this time: The Honorable Jennifer McClennan, Virginia State Senator; Ms. Alicia Foster, aide to Senator McClennan; escorted by Mr. Dustin Rinehart, VPA's Director, State & Local Government Affairs.)

Chairman Milliken remarked that the investment in human capital is a critically important part of POV's ongoing plans in building for the future.

V. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick announced that the Environmental Protection Agency (EPA) approved the Virginia Port Authority's request for concurrence on the suitability for ocean disposal of dredged material from the Norfolk Harbor Deepening Project. She advised that the approval came three weeks early and presented a copy of the approval letter, dated June 20, 2019.

Ms. Vick reported that the Invitation for Bids (IFB) was put out on July 7, 2019 for the first constructible element of the harbor deepening project. A pre-bid meeting was held on July 16th with the four dredging companies and POV expects to have bids in place by August 13th, in order to provide an Intent to Award a week later.

Ms. Vick anticipated that the contract for the dredging service would be brought to the VPA Board for approval at the September 24th meeting, so that a Notice to Proceed can be issued and preparations will be made to have dredges in the harbor by January 2020. Ms. Vick advised that VPA will manage the project using the state funds that were provided, along with the Army Corps of Engineers. She reported that the Port, with support from the Governor and Secretary's office, is working with congressional and state legislators to push for a "new start" designation in the Army Corps of Engineers work plan for the federal cost share. Ms. Vick noted that federal funds were used for the engineering and design phase of the first element and now that the project is out for bid, the Port is eligible for new start designation and federal construction funds. She advised that the request for federal funds will be \$2.5 million and VPA is also seeking \$49.4 million in funding in the President's budget for design and construction of future elements and design and construction funds towards the second element.

Ms. Vick described several port tours and meetings were held with Army Corps officials and legislators. She reported that the House has passed several "minibus" appropriations bills that impact the Port - \$300 million in additional navigational construction funding and six new starts, three of which could be applied to navigation. The House has also introduced a transportation bill that would include \$1 billion for build grants that includes funding for port infrastructure and marine highways. Ms. Vick also mentioned a Homeland Security bill that would include grant funding for port security and additional Customs and Border Patrol inspectors. She said it was hoped that the Senate will soon start their mark-up and work towards conference to get a federal budget passed.

Ms. Vick reported on several meetings that POV hosted for members of Congress and she mentioned several upcoming meetings that are planned that include the Federal Maritime Commission, Virginia Congressional staff, and United States Department of Transportation and Maritime Administration. Ms. Vick also mentioned the port's efforts to work on climate resiliency issues with members of Congress.

At this time, Ms. Vick welcomed Senator McClellan to the meeting.

Ms. Vick reported that the General Assembly passed legislation to create a new revitalization fund for the port host communities to look at redevelopment of sites that could be used for economic development. She advised that the Department of Housing and Community Development worked with the localities to put together guidelines enabling the port and economic development agencies in those localities to prioritize and start the application process.

Ms. Vick presented the following Economic Development totals for FY2019:

- 45 Announcements (+6 since last meeting)
- More than 2,950,000 square feet of space
- Created 2,801 jobs (+1,000 jobs since last meeting)
- Invested more than \$2.0 billion

Ms. Vick mentioned the recently-announced Amazon fulfillment center that is planned for Richmond in proximity to the Richmond Marine Terminal and a Panattoni spec building. Ms. Vick announced that several officials from Amazon attended the Board dinner last evening and would be in attendance for the tour of VIG and ceremony later this afternoon.

Mr. Wimbush asked Ms. Vick to talk about some of the economic development that has been taking place in Southwest Virginia. Ms. Vick advised that there has been an increase in furniture manufacturing and she offered to provide a list of projects that had been announced with timelines.

Ms. Vick reported that The Port of Virginia assisted Paul D. Camp Community College to develop a regional warehouse and distribution training facility for certified logistics associate and certified logistics technician program as well as warehouse and distribution foundation courses for workforce development in supply-chain jobs. She presented a photo of the ground-breaking.

Ms. Vick announced that the port continues to see interest in speculative development and mentioned Virginia's ranking by CNBC as the Number #1 State to do business. She reported that Equus has invested in the Greystone 81 Logistics Center for 350,000 square-feet of Class A speculative industrial space in Frederick County.

Mr. Moret talked about the successful collaboration between the Virginia Economic Development Partnership (VEDP) and the Port that has resulted in site development

opportunities and a number of port-related businesses that have located in Virginia. He commended the POV on the added capacity and operational efficiencies that have attracted business to Virginia. Mr. Moret also mentioned VEDP's second issue of "*Virginia Economic Review*" that will feature the future of manufacturing in America.

(Read it here: <https://www.vedp.org/virginia-economic-review>)

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

In closing, Mr. Reinhart made the following remarks:

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

- We concluded FY19 with another record with volume approaching 3 million TEUs - up 4%. We delivered over one million truck moves with improved service levels and predictability utilizing the Truck Reservation System (TRS). Record volumes at VIP up 3.4% and RMT up 21.2%. Our rail volume recovered at year-end and was up 1% to prior year.
- This afternoon, we will have a press conference and ribbon cutting at VIG. A great accomplishment for the POV increasing our capacity ahead of schedule and under budget.
- This week we will receive 6 new RMGs (rail-mounted gantry cranes) at NIT and we will have 6 new stacks in service by September providing 18 of the planned 30 stacks at NIT for peak season cargo. The project is moving well and we plan to complete NIT's modernization by fall 2020.
- We are completing our 2019 year-end audited results and will report upon completion of the audit. This year will be a challenge due to the roll out of our new finance system in April. We appreciate the Finance team's efforts and anticipate a positive outcome.
- Today will be John Pullen's final Board meeting and we thank him for his service, contributions and wisdom shared over the past 9 years serving as a Commissioner and Vice Chairman.
- As we approach peak season we are more prepared than any time in our past. We have added capacity and modernization of our facilities at just the right time to continue to grow The Port of Virginia.

- Wider-Deeper-Safer is continuing to move on our accelerated schedule and we will award Segment I in September with a January 2020 start. We are working to obtain new start designation to obtain federal funds share.
- Momentum on economic development is building and last fiscal year we had 45 announcements, 3 million square feet of space, \$2.0 billion invested and 2,801 jobs created because of The Port of Virginia. We enter this fiscal year with real momentum. The Amazon announcement in Richmond last week is just the beginning.
- Today will be Shawn Tibbetts' final board meeting. Shawn is a real talent and has been integral to the re-invention of The Port of Virginia. He will leave the organization on August 23. His departure from our team and the industry is a real loss. We wish Shawn and his family success, happiness and good health in the future.
- Effective immediately, Kevin Price has been promoted to Chief Operations Officer and the transition is underway and we are confident Kevin will continue to lead and build our operations very capably.
- 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. We are prepared for the future, are building the capacity for greatness and competing to win like never before.

Mr. Reinhart announced that the press conference and celebration event ("ribbon-cutting") for the completion of VIG II is scheduled for 2:00 p.m. today and he exclaimed that it was an exciting day for The Port of Virginia.

VII. Unfinished Business

There was no unfinished business to report.

VIII. New Business

There was no new business to report at this time.

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

Chairman Milliken expressed confidence in the POV team and thanked everyone who works at the Port "for what you do and for what you will do going forward".

There being no further business and no public comments, the meeting adjourned at 10:29 a.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Debra J. McNulty", written in a cursive style.

Debra J. McNulty
Secretary to the Board

Following are the remaining 2019 meeting dates for the VPA Board of Commissioners Public Sessions (9:00 a.m. start time and subject to change):

September 24

November 19 (Thanksgiving is the 28th)

Committee meetings are scheduled the day before the Public Session.

FINANCE and AUDIT COMMITTEE

Rodney W. Oliver
Chief Financial Officer

MAY FINANCIAL PERFORMANCE

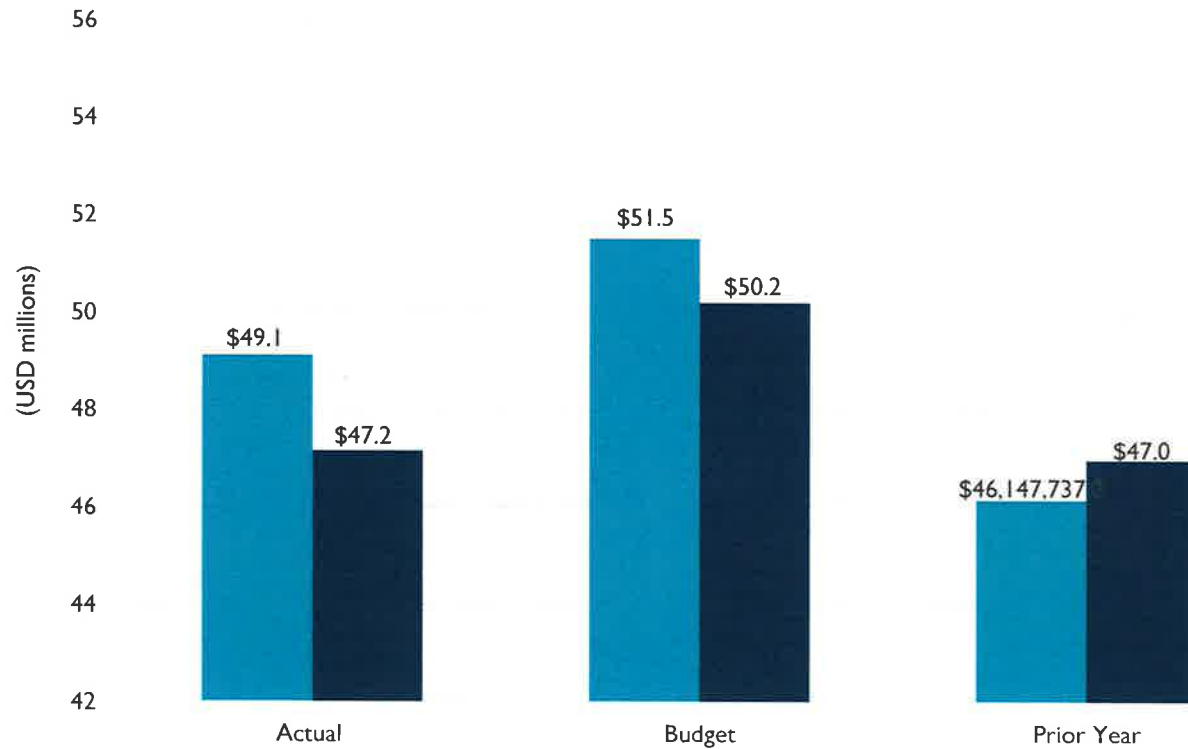
OPERATING REVENUES AND EXPENSES:

For the Month Ended May 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



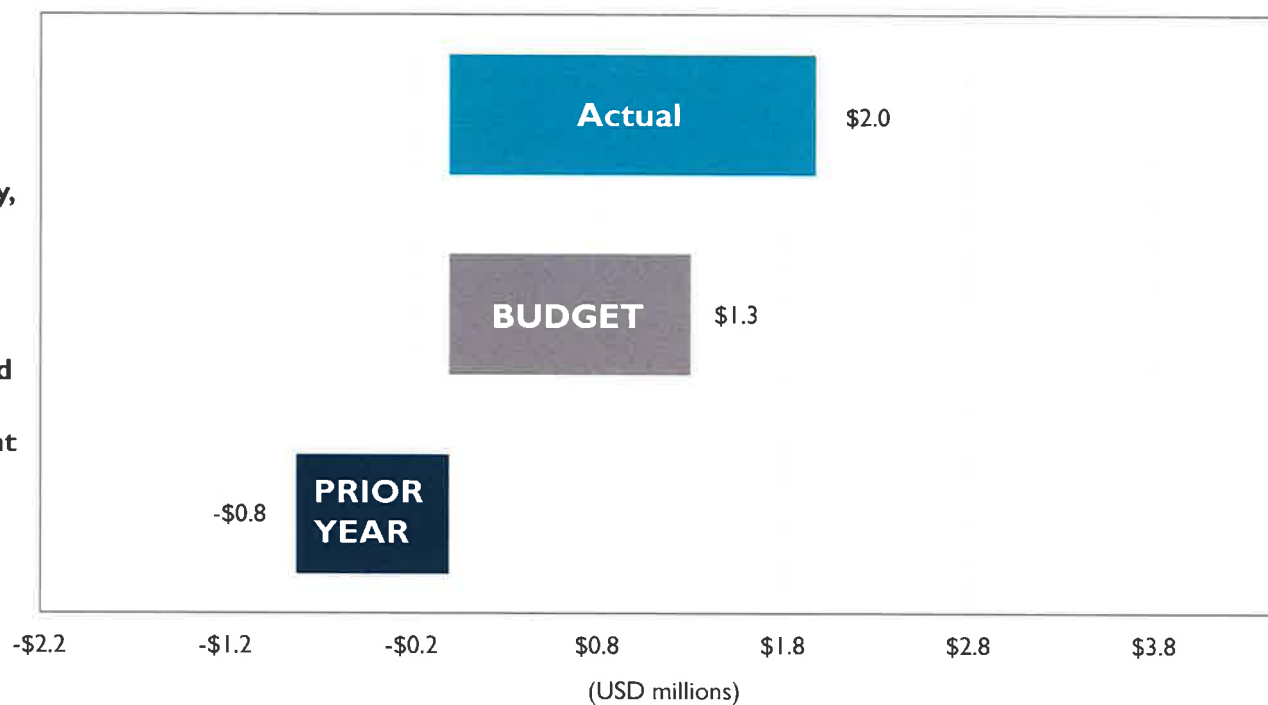
THE PORT OF
VIRGINIA

Stewards of Tomorrow

OPERATING INCOME (LOSS):

For the Month Ended May 31, 2019

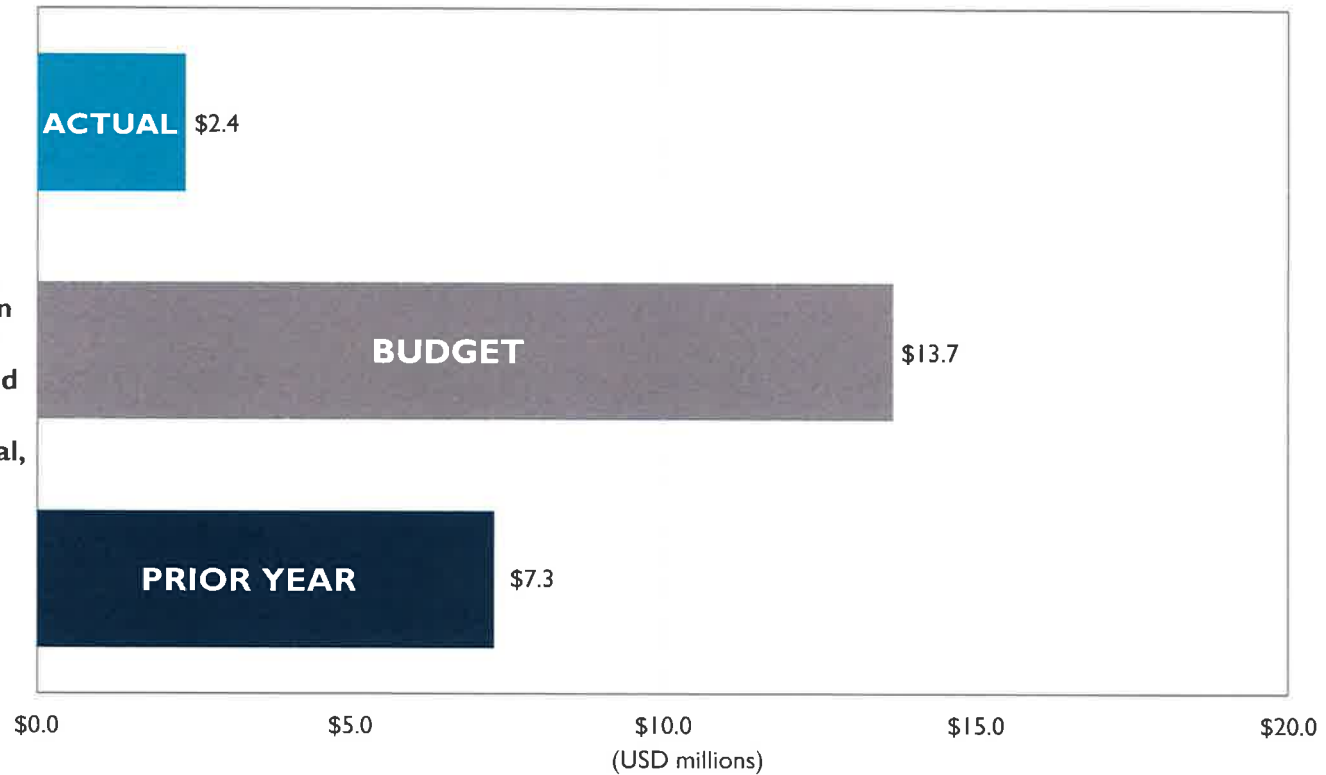
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended May 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 Eleven Months Ended May 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

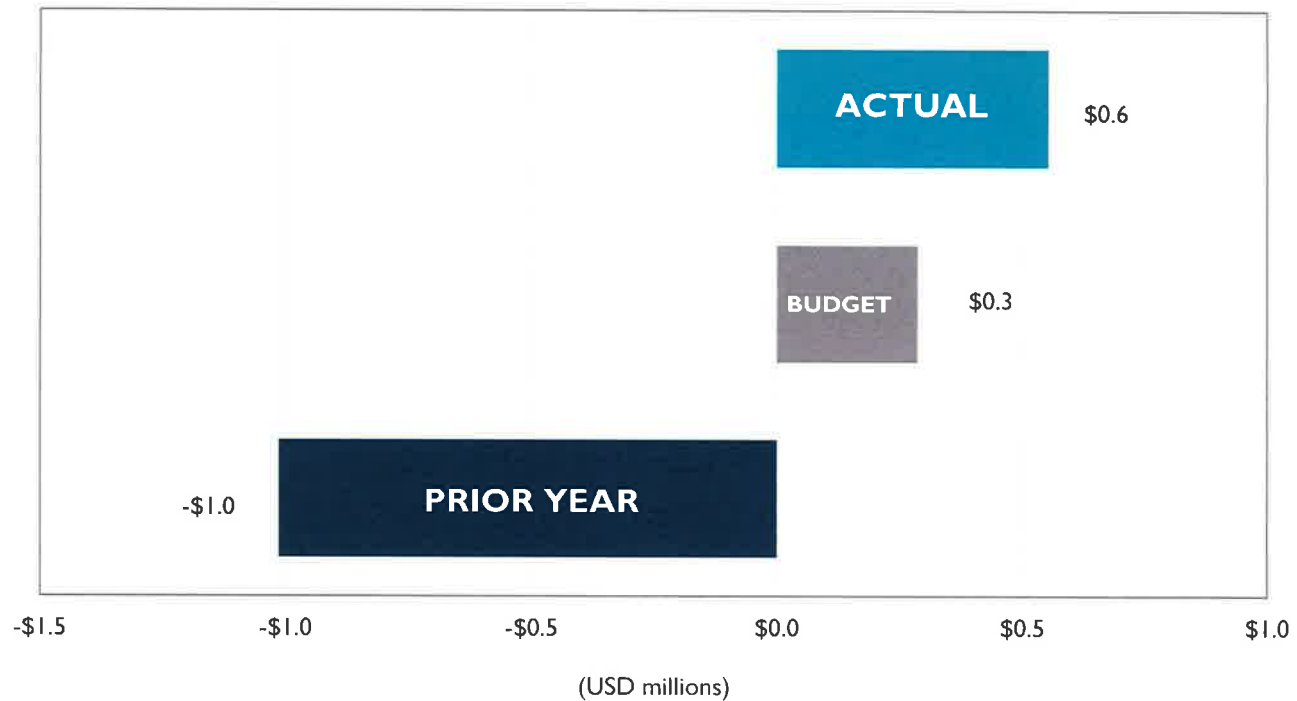
■ Operating Expenses



OPERATING INCOME (LOSS):

For the Eleven Months Ended May 31, 2019

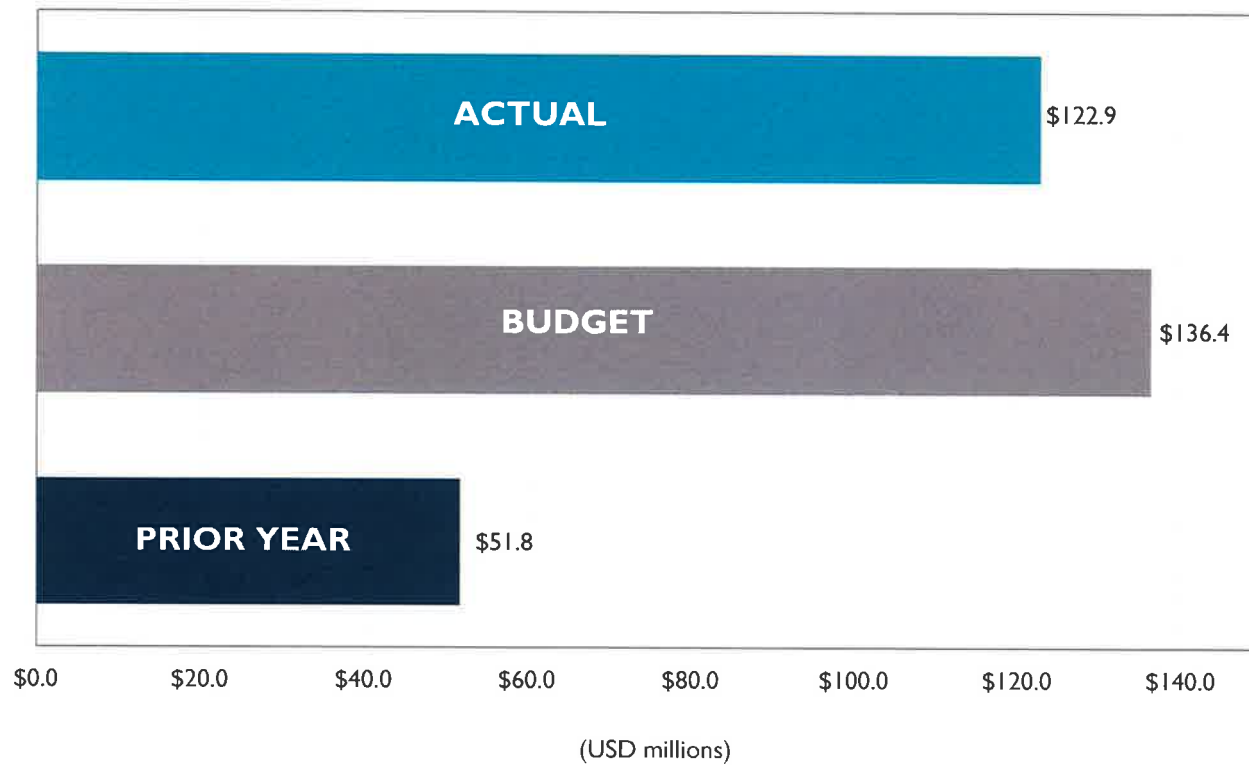
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

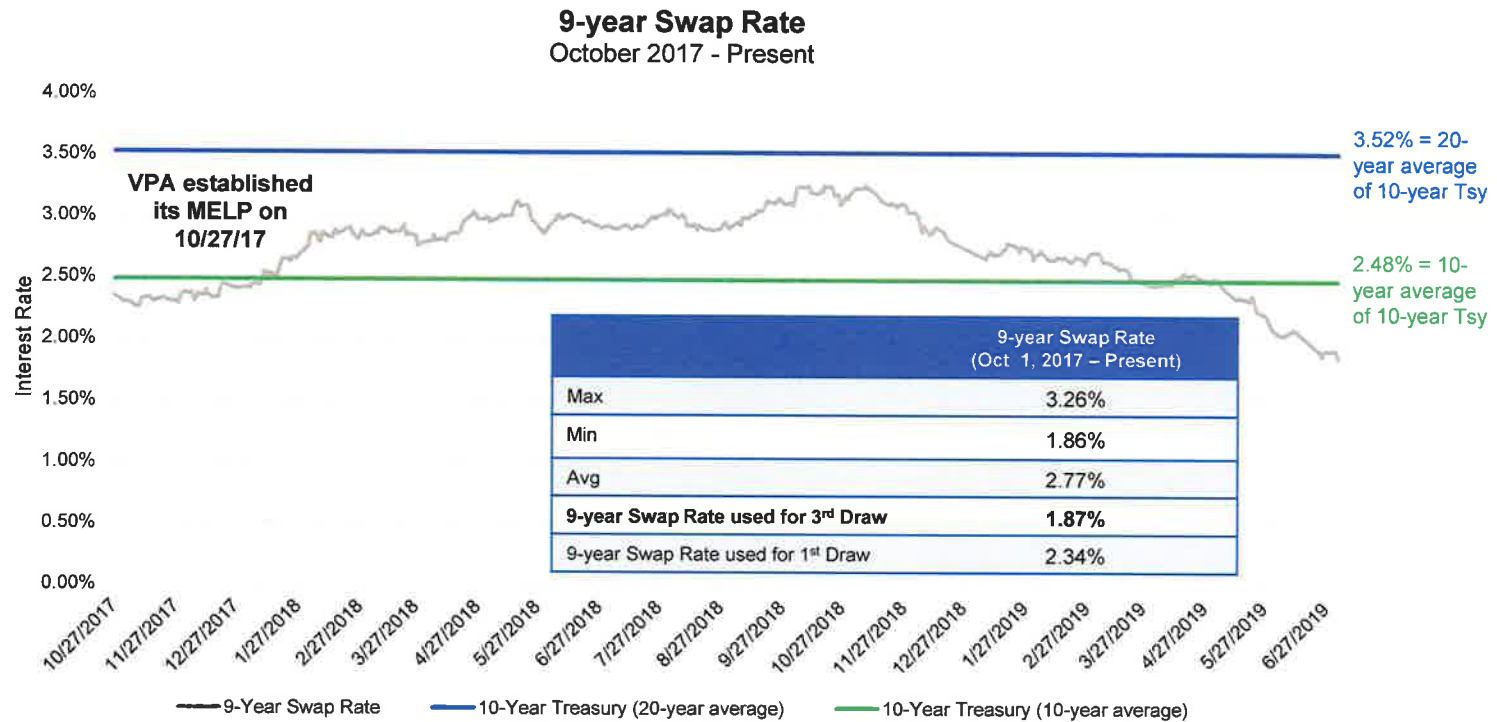
For the Eleven Months Ended May 31, 2019

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.





Recent Interest Rates





Overview of the Third Draw under the Port's Master Equipment Lease Program

The Port intends made its third draw under the Master Equipment Lease Program (MELP) for approximately \$22 million on July 15, 2019. Original funding available under the MELP was \$37 million, and in February of 2019, the funding amount was increased by an additional \$30 million to \$67 million. The Port now has \$15.12 million of funding remaining.

	Finalized Statistics for Draw #3	Finalized Statistics for Draw #2	Finalized Statistics for Draw #1
Funding Date	July 15, 2019	May 10, 2018	December 27, 2017
Estimated Draw Amount	\$21.95 million	\$8.15 million	\$21.78 million
Purpose	To purchase two ship-to-shore cranes	To purchase eight shuttle carriers at NIT	To purchase eight RMG cranes at NIT
Tax Status	Tax-Exempt, subject to AMT	Tax-Exempt, subject to AMT	Tax-Exempt, subject to AMT
Financing Term	15 years	10 years	15 years
Lease Payment Date	7/1/2034	7/1/2028	1/1/2033
Annual Lease Payment	\$1.77 million	\$954k	\$1.79 million
Borrowing Rate	2.52%	3.01%	2.83%

POV FISCAL YEAR-TO-DATE VOLUMES JULY-JUNE 2019

	FY 2018	FY 2019	Change	% Change
Total TEUs	2,827,736	2,938,856	111,120	3.9%
Export Loaded TEUs	1,002,662	962,586	(40,076)	-4.0%
Export Empty TEUs	497,035	583,044	86,009	17.3%
Import Loaded TEUs	1,303,528	1,371,289	67,761	5.2%
Import Empty TEUs	24,512	21,937	(2,575)	-10.5%
Total Containers	1,603,790	1,651,491	47,701	3.0%
General Cargo Tonnage	22,107,490	22,080,857	(26,633)	-0.1%
Container Tonnage	21,911,004	21,908,166	(2,838)	0.0%
Breakbulk Tonnage	196,486	172,691	(23,795)	-12.1%
Total Rail Containers	559,307	563,898	4,591	0.8%
VIP Containers	36,710	37,940	1,230	3.4%
Total Barge Containers	49,482	54,303	4,821	9.7%
RMT Containers	27,626	33,484	5,858	21.2%
Total Truck Containers	995,001	1,033,290	38,289	3.8%
Ship Calls	1,704	1,570	(134)	-7.9%
Vehicle Units	33,050	22,810	(10,240)	-31.0%