

MINUTES

Virginia Port Authority Board of Commissioners – Public Session 396

600 World Trade Center,

Norfolk, Virginia

Tuesday, September 24, 2019

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on September 24, 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
J. William Cofer
Manju S. Ganeriwala, State Treasurer
Val S. McWhorter
Kim Scheeler
Louisa M. Strayhorn
Deborah C. Waters

Commissioners Absent:

John C. Asbury
Jennifer D. Aument
Alan A. Diamonstein
Stephen Moret
Faith B. Power

VPA Staff:

John F. Reinhart, CEO and Executive Director
Sarah McCoy, General Counsel
Matthew Barnes-Smith, Chief Administration Officer
James Bibbs, Chief Human Resources Officer
Rodney W. Oliver, Chief Financial Officer
Joseph P. Ruddy, Chief Innovation Officer
Jay Stecher, Chief Marketing Officer
Cathie Vick, Chief Development & Government Affairs Officer
Daniel Hendrickson, Vice President, Strategic Planning & Analytics
Mark Thorsen, Vice President Technology/Chief Information Officer
Joe Harris, Senior Director, Media Relations
Colleen Mollison, Senior Manager, Compliance & Contracts
Ron Green, Director, Process Excellence
Anja Sparenberg, Director, Management Reporting & Analytics
Carla Welsh, Director, Creative Services
Bevan Calo, Manager, Digital Media & Traffic

VPA Staff (continued):

Kelly Taylor, Information Technology Technician

Debra J. McNulty, Secretary to the Board

Virginia International Terminals, LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer

Kevin Price, Chief Operations Officer

Joseph O'Brien, Vice President, Ocean Carrier Sales

Tony Salino, Director, Ocean Carrier Sales

Guests:

W. Brice Fiske, Office of the Attorney General

David White, Virginia Maritime Association (VMA)

Anne Bibeau, Vandeventer Black LLP

Clay McGee, Waters Law

JoAnne Carter, PFM Financial Advisors, LLC

Kristy Choi, PFM Financial Advisors, LLC

Savannah Pegg, DLS Engineering

Michelle Wharton, Kimley-Horn & Associates, Inc.

Paul Olsen, Old Dominion University (ODU)

Members of the Press:

Gordon Rago, *The Virginian-Pilot*

Chairman Milliken congratulated Commissioners Deborah Waters and Bill Cofer on their reappointments to the Board by Governor Northam, to serve additional five-year terms.

Chairman Milliken then announced that the Governor recently appointed John C. Asbury to the Board (succeeded John Pullen). The Chairman explained that Mr. Asbury had to attend a Federal Reserve Bank meeting and mentioned that he attended the Board's committee meetings that were held September 23rd. Chairman Milliken announced that Mr. Asbury is the President and Chief Executive Officer of Atlantic Union Bank, the only Virginia-based statewide bank in the Commonwealth. The Chairman said he looked forward to working with Mr. Asbury and that he would introduce him at the November 19th public session of the VPA Board.

Introductions

Mr. Ruddy conducted the safety briefing and Mr. Harris introduced guests who were in attendance.

I. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the annual and regular meetings of the VPA Board, held July 23, 2019, were approved as circulated.

II. Reports of Committees

A. Investment Committee Report – John G. Milliken, Chairman

Chairman Milliken reported that the Investment Committee met yesterday afternoon and received presentations from the Port's investment advisors, SageView, on the performance of the retirement plans of VPA and VIT through June 30, 2019, and from the Port's actuary, Mass Mutual. The Chairman announced the following:

- The Committee approved administrative changes to the Investment Policy Statements (IPS).
- The Committee was advised that the VIT and VPA retirement plan investments rank in the top 15% of SageView's average plan rankings.
- One investment management change was recommended. That change was to replace the Brandywine Global International Bond Fund with two funds: The Vanguard International Bond Index Fund and the JP Morgan Core Bond Fund. In addition, several investments were placed on "watch" for closer scrutiny going forward.
- The Committee was advised by the actuary that the VIT pension plan was 96.7% funded and the VPA pension plan was 75.2% funded per generally accepted accounting principles (GAAP) accounting rules through August 2019. From an IRS standpoint, the VIT plan is considered 76.6% funded.
- The Committee approved adopting the new IRS mortality table for the two defined benefit plans, adopting a contribution smoothing methodology available for the VPA plan, and making an additional \$1 million contribution to the VPA Defined Benefit Plan so that its funding level more closely resembles that of VIT.

B. Executive Committee Report – Chairman Milliken

Chairman Milliken reported that the Executive Committee met in closed session on September 23rd and discussed a confidential personnel matter and that there was no action taken and nothing further to report.

I. Chairman's Standing Committee Appointments

Chairman Milliken appointed John C. Asbury to the Finance and Audit Committee and he

advised that the membership structure would remain the same as FY19.
The FY20 Standing Committee list is attached.

C. Finance and Audit Committee Report – Kim Scheeler, Committee Vice Chair (acting on behalf of Faith B. Power, Committee Chair)

Mr. Scheeler reported that the Finance and Audit Committee met in closed session on September 23rd and received presentations from management on the progress of the fiscal year 2019 audits, the July financial results, progress on the update of the Port's Master Plan, a report from the Administration Services and Compliance Division, and an update on the 55-foot channel dredging project.

Mr. Scheeler mentioned that management reported that the first stage of the Master Plan update was development covering the next six years and is now complete. He advised that the next focus would be updating the plan through the life of the VIG lease.

Mr. Scheeler reported that the Administration Services and Compliance Division provided an update on potential real estate transactions; discussed an update of the Virginia Port Authority's procurement and capital outlay manual; and addressed implementation of a Compliance and Ethics Charter. Mr. Scheeler announced that the Charter was recommended by the Finance and Audit Committee and that Resolution 19-8 would be presented for adoption at today's meeting.

I. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the Month Ended July 31, 2019 – Rodney W. Oliver, Chief Financial Officer

Mr. Oliver reported positive financial results for July, which was the first month of the start of fiscal year 2020, with revenues 4 percent ahead of budget expectations and volume was 3.9 percent ahead of budget. He announced that operations results were much better than anticipated and the completion of VIG II, and partial completion of South NIT are showing positive results.

Mr. Oliver reported that all of the major categories of expenses were either in line with budget or below budget for the month of July resulting in an operating income of (+)\$1.57 million for the month, which he said was substantially ahead of budget. Mr. Oliver reported change in net position (net income) was (+)\$17.4 million for the month with the largest driver being South NIT proceeds from the Commonwealth, which is based on progress on the project.

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

2. Presentation of Administrative Services and Compliance Reports –
Matthew Barnes-Smith, Chief Administration Officer

It was reminded by Mr. Barnes-Smith that, last year in the budget, the Board approved management to obtain an asset management assessment and work with third party consultants to develop a roadmap of improvement initiatives. Mr. Barnes-Smith announced that the assessment was completed and that on September 1st, an internal asset management department was established and is headed by Dan Hendrickson, Vice President, Strategic Planning & Analytics. He explained how the development of an asset management program is a multi-year effort whereby the Port works with experts in the industry to develop a maturity of the asset management functionality. Mr. Barnes-Smith reported that the team would provide a report to the Board next year on the program's accomplishments.

Mr. Barnes-Smith described the importance of the project due to the amount of capital investments that have been approved by the Board. He explained that the Port is in the very early stages of collecting data and assessing its asset management capability in order to prepare a roadmap of improvement initiatives.

Mr. Barnes-Smith announced that VPA and the Virginia Department of Small Business and Supplier Diversity (SBSD) entered into a Memorandum of Understanding on September 11th, to increase collaboration between both state entities with joint advertising, data sharing and target marketing to increase diversity and opportunities at The Port of Virginia. He thanked the Board for their support and Commissioner Strayhorn for facilitating the effort.

3. Consideration of Resolution 19-8, authorizing the adoption of the Virginia
Port Authority Ethics and Compliance Charter

Commissioner Scheeler referred to the copy of the Ethics and Compliance Charter that was contained in the agenda materials and he advised that the Finance and Audit Committee had a very good discussion about the Charter in yesterday's meeting and recommended approval of the document.

On behalf of the Finance and Audit Committee, Chairman Milliken asked for a motion at this time.

Action: Upon motion by Commissioner Scheeler, seconded by Commissioner Wimbush, the Board unanimously approved Resolution 19-8 (8-0), authorizing the adoption of the Virginia Port Authority Ethics and Compliance Charter.

Chairman Milliken spoke of the importance of the Ethics and Compliance Charter. The Chairman explained that the Port's Code of Ethics will be included as an attachment to contracts with third parties and will serve as a message to vendors outlining the Port's standards. Chairman Milliken thanked staff for their efforts.

Commissioner Scheeler remarked that the Port is not only investing in the hard assets but also investing in the financial systems, the systems for practical utilization of the assets, and in the people, which he said is a very comprehensive package to ensure that we continue to move this Port forward. Commissioner Scheeler congratulated Mr. Reinhart and staff on this accomplishment.

D. Growth and Operations Committee Report – Val S. McWhorter, Vice Committee Chair (acting on behalf of Alan A. Diamonstein, Committee Chair)

Commissioner McWhorter reported that the Growth and Operations Committee met in closed session on September 23rd and received a safety and operations report from Kevin Price, VIT's Chief Operations Officer. He advised that Mr. Price reviewed the port's Lost Work Day rate for FY20, which was a 41.4 percent improvement over FY19 and 24.2 percent decrease from FY18. He advised that Mr. Price also reviewed the OSHA total recordable incident rate, which was an improvement from both prior years. Mr. Price briefed the Committee on peak season planning, deconing platforms, and the Surface Deployment and Distribution Command (SDDC) move that took place recently at PMT. Mr. McWhorter reported that current events and business prospects for NNMT and RMT were also reviewed in the Committee meeting. Mr. Price also reported rail volumes and dwell times, gate volumes, turn-times, productivity, and cost per lift.

Commissioner McWhorter reported that the Growth and Operations Committee then heard from Rich Ceci, VIT Vice President Technology and Project Management, who presented a status report on projects, including a review of VIG Phase II financials and close-out. Commissioner McWhorter remarked that Board members, Port colleagues, and guests were excited to be at VIG in July to celebrate the completion of Phase II with Governor Northam.

Commissioner McWhorter reported that Mr. Ceci reviewed the South NIT build re-sequence and NIT central rail yard (CRY) expansion, South NIT financial review, new initiatives as the VIG construction winds down, and concluded his report with a project timeline. He advised that the Committee then heard from Tom Capozzi, VIT's Chief Sales Officer, who provided confidential briefings on ocean carrier contracts and negotiations, rail volumes, and peak season preparations. Mr. Capozzi reviewed recent realignments of the

Sales Division, new business, and possible commercial headwinds. He also described the need for a local transloader.

In closing, Commissioner McWhorter reported that the Growth and Operations Committee also heard from Ms. Cathie Vick, Chief Development & Government Affairs Officer, and Mr. Matthew Barnes-Smith, Chief Administration Officer, who described several confidential negotiations that are on-going.

I. Report on Safety/Operations – Kevin Price, Chief Operations Officer, Virginia International Terminals, LLC (VIT)

Mr. Price announced that the OSHA lost work day (LWD) goal for FY20 is 1.9 compared to the industry average of 3.3 (2016) and that VIT is currently below the goal at 1.50 through August 31, 2019. He stated that VIT is working very hard with our industry partners to drive that number down to zero.

Mr. Price reviewed rail versus gate/barge volumes and reported that volumes increased 3.8 percent to date yet rail volumes were down slightly from last year. He reported that rail was 15 percent higher last year which was driven by heavy export empties, consolidation of ship lines, and agricultural cargo. Mr. Price noted that rail dwell times are continuing to improve.

Mr. Price reviewed the metrics for gate turn times, both expanded and traditional, which he said are both well below the industry average of 60 minutes. He announced that The Port of Virginia is the only port that publishes expanded gates hours. Mr. Price then presented a graph showing the limited number of truck visits with turn times over two hours and reported that there were several instances of power outages at the terminals, however, the wait times are trending down.

Mr. Price reviewed the missed truck reservations graph for NIT and VIG and that the team is working to drive the numbers under 7 percent because every missed appointment is not using capacity. Mr. Price provided an update to the graph comparing traditional turn times from October 2018 to August 2019, and updated net crane moves per hour for PMT, VIG and NIT. A discussion then ensued with regard to productivity and turn-times among East Coast ports.

2. Sales Report – Thomas D. Capozzi, Chief Sales Officer, VIT

Mr. Capozzi announced total TEUs (20-foot equivalent units) from July-August 2019 increased by (+)2.3 percent, which was driven by export empty TEUs, and import loaded TEUs. He

reported that rail containers are down by (-)7.5 percent due to the consolidation of the three ship lines that now form ONE (Ocean Network Express) and lower volumes of agricultural products compared to last year as a result of tariffs.

Mr. Capozzi reported that barge volume is up by (+)11.1 percent, driven by volumes at Richmond Marine Terminal (RMT) which have increased by (+)14.2 percent. He described Richmond as a "hot market" from all the freight activity and economic development in the area. Mr. Capozzi also reported that truck volumes remain strong at (+)5 percent. (A copy of the fiscal year-to-date volumes for July-August 2019 is attached.)

Mr. Capozzi reviewed the top ocean carriers that call The Port of Virginia and the top import and export customers.

Mr. Capozzi explained how VIT Sales and Operations teams prepared with beneficial cargo owners (BCOs) for peak season planning. He reported that WalMart's business is up 12 percent over the last year and that they are "extremely" pleased with their expectations and performance of the Port's team this year. He mentioned that Mr. Reinhart met with WalMart officials last week and that they were very satisfied with our business. Mr. Capozzi reported that Amazon's business has also increased and mentioned that Chairman Milliken met with Amazon officials in Seattle last week. Mr. Capozzi advised that both companies, Bissell and Brother, relocated to Richmond to use the barge business and he added that they are also very pleased with the new operation at RMT.

Mr. Capozzi reported on the recent operation by the Military Surface Deployment and Distribution Command (SDDC). He advised that 247 pieces of roll stock and some 20-foot containers were offloaded onto 36 rail cars at PMT by VIT operations and the International Longshoremen's Association (ILA) on Labor Day weekend. He advised that VIT has an 18-month contract to handle SDDC cargo and that they were very pleased with the operation and performance by the team.

Mr. Capozzi reported that the sales team just completed a marketing trip to meet with three top ocean carriers headquartered in Europe which also coincided with the Journal of Commerce Europe Container Trade conference. He advised that the timing was good for the sales team to update ship line officials on new capacity at VIG and progress on South NIT's expansion. Mr. Capozzi reviewed some of the events that the sales team has attended and upcoming events that include a visit to Asia in October for the JOC TPM Asia conference in Shenzhen and Project Logistics Alliance conference in Istanbul.

Mr. Price mentioned that the SDDC received great cooperation from the ILA as Labor Day was a restricted ILA holiday. He described the work as "superior".

Mr. Capozzi talked about the International Maritime Organization (IMO) 2020 regulation which sets the deadline for ships to comply with the low sulphur fuel oil requirement. Mr. Reinhart mentioned that The Port of Virginia is the only port in the SEA-LNG (liquefied natural gas) initiative working together with the Virginia Maritime Association (VMA) and Kit Chope, POV's Vice President, Sustainability, to collaborate awareness and finding an alternative fuel source at The Port of Virginia. Mr. Reinhart thanked David White for VMA's partnership.

On behalf of the Board, Commissioner McWhorter commended the staff on their presentations yesterday. He said they were very enlightening and encouraging, particularly with the senior leadership's support of colleagues, and continuing to bring positive news to the Board on the Port.

III. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs announced that the fourth annual Colleague Engagement Survey is scheduled for October 14-25, 2019. He reported that each year has seen an increase in the percentage of participation by colleagues which gives management an opportunity to hear from colleagues and listen to what they have to say.

Mr. Bibbs advised that performance reviews were conducted July 10-August 9 and goal setting by each division was completed by August 16th. He explained that goal setting is tiered down from senior leadership team goals.

Commissioner Wimbush asked for some examples of colleagues' concerns, issues, and opportunities that may have been expressed during the employee engagement survey. Mr. Bibbs explained that the issue of communication was largely expressed by colleagues and that, in response, leadership started pushing team meetings and installed monitors throughout offices and facilities to communicate effective and consistent messaging across the organization.

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

Mr. Ruddy announced that eight colleagues who make up the Customer Service division, formerly headed by Tom Capozzi, were transferred to VPA's Innovation division, effective September 1, 2019. He advised that Customer Service is made up of a diverse group of individuals with varying skill sets in the areas of marine terminal operations and ship line operations and who proactively and reactively manage the challenges that customers have when visiting the marine terminal facilities. Mr. Ruddy explained that in the next three months the group will take a three-pronged approach to customer service that will involve providing customized service through automation, increased use of analytics to reduce recidivism, and

production of metrics.

Mr. Ruddy announced that John Jackson heads up Customer Service and will go out to talk with customers, port partners, BCOs, ship lines, in order to gauge their customer service experience at The Port of Virginia. He advised that the Board will be updated on the project in a couple of months. Mr. Ruddy thanked Mr. Capozzi and his team for developing and growing the customer service division over the last several years.

Mr. Reinhart mentioned that the transfer was evolutionary and that The Port of Virginia plans to take customer service to the next level. He added that it was also necessary in order to unencumber Mr. Capozzi and the sales team from worrying about the execution of the product to going out and selling the product.

Mr. Ruddy then described the work that is being done in the Strategic Planning and Analytics division with vessel planning. He mentioned that vessels are getting larger and he described how the "Berth Planner and Vessel Performance Dashboard" which is based on real-time information for vessel operations. Mr. Ruddy mentioned that the assistant manager rotation program reached completion and the data gleaned was used to produce the dashboard.

Mr. Ruddy reported that the Port will be seeking an independent review of vessel operations and productivity and opportunities for improvement that will take place in about 30 days. Mr. Ruddy also mentioned that a request for proposals (RFP) went out on September 4th seeking bids for a vessel optimization platform and he described its purpose and value to the regarding vessel productivity. He advised the Board that he would provide an update on the results of the RFP.

I. Projects Update

Mr. Ruddy said he was very pleased to report that the VIG II expansion project is complete and in full production. He advised that the official "close" of the project is scheduled for October 4, 2019. He reported there is some ongoing refurbishment to the original stacks. Mr. Ruddy thanked port partners, motor carriers, ship line partners, ILA, stevedores, and customers for their patience during the construction. He also thanked Rich Ceci and the Project Team for their hard work, dedication, and efforts in delivering the **VIG project on-time and under budget.**

Mr. Ruddy reported that South NIT continues to progress well and that Phases 1 and 2 are complete and in operation. He reported that Phase 3 is also progressing well with the first stacks scheduled to be in operation by February 2020, followed by additional stacks that will come online. Mr. Ruddy announced that Phase 4 construction began on September 1, and he

described the importance of Phase 4 which is in close proximity to POV's rail product.

Mr. Ruddy referred to the timeline and reported that additional rail-mounted gantry (RMG) cranes are scheduled to arrive at NIT for Phase 3 in January 2020 and the ship-to-shore cranes will arrive in August 2020 and will be in production by October 2020, with the ultimate completion of South NIT scheduled for November 2020.

Mr. Reinhart commended Rodney Oliver and the finance team for their implementation of a new financial system and their collaboration with the project team.

V. Report by Chief Development & Government Affairs Officer – Cathie Vick

Ms. Vick announced that the next important step in the “Wider Deeper Safer” harbor deepening and widening project was the Environmental Protection Act (EPA) concurrence which was received ahead of schedule. Ms. Vick reported that bids were received on August 13, 2019 to begin the first constructible element of the west side of the Thimble Shoals Channel, and she referred to Resolution 19-9, pending consideration and approval by the Board, authorizing the Virginia Port Authority to enter into a contract with Weeks Marine for the Norfolk Harbor dredging improvements at Thimble Shoal Channel, for \$78,625,500.

Ms. Vick explained that, upon the approval of the contract, the Port will have to wait for the EPA to accept the final modeling on the long-term fate of the ocean disposal material. She advised that the Port anticipated it would receive the approval by October 31, 2019, after which time a notice to proceed can be sent to the contractor. It was noted by Ms. Vick that the bid stated the project would start no later than January 2020, however, dredging could start earlier if EPA approval is received by end of October.

Ms. Vick emphasized the importance of receiving the Federal share of funding for the project and that The Port of Virginia has been collaborating with VMA who has been helping to spread the word among Congressional Delegation members. She mentioned that VMA is also reaching out to Congressional districts outside of Virginia, where The Port of Virginia has customers, to understand the importance of the deepening/widening projects.

Ms. Vick announced that both the House and Senate passed their versions of the Energy and Water Bill which contain two “new starts” for navigation. She briefly described each version of the bills and discussed next steps as it relates to federal funding. Ms. Vick also mentioned the design work is ongoing for the next constructible element of the deepening project.

Ms. Vick advised that the Port is also collaborating in the design of the revetment of the Chesapeake Bay-Bridge Tunnel (CBBT) and is coordinating with the Navy on the magnetic

silencing ray to make sure there is no interference with the harbor deepening project.

At this time, Ms. Vick asked for consideration of Resolution 19-9. Chairman Milliken asked for a motion from Commissioner Scheeler, on behalf of the Finance and Audit Committee.

Commissioner McWhorter announced that he would abstain from discussion and voting on the Resolution.

Action: Upon motion by Commissioner Scheeler, seconded by Commissioner Cofer, the Board unanimously approved Resolution 19-9 (7-0), authorizing the Virginia Port Authority to enter into a contract with Weeks Marine, in the amount of \$78,625,500, for the Norfolk Harbor Dredging Improvements at Thimble Shoal Channel.

Ms. Vick announced the following Calendar Year 2019 economic development totals:

- 30 Announcements (5 additional since last meeting)
- More than 3.45 million square-feet of space
- Created 2,284 jobs
- Invested more than \$1.7 billion

Ms. Vick reported on the SDDC military shipments that were mentioned by Mr. Capozzi and Mr. Price earlier. She noted that there were over 100 ILA members trained at Ft. Eustis before the load-out.

Ms. Vick announced that SDDC is considering a load-out in January at Newport News Marine Terminal (NNMT) that is expected to be ten times the size of the operation at PMT. Chairman Milliken mentioned that he spoke with Commissioner Alan Diamonstein to brief him on the committee meetings and that the Board looked forward to seeing him at the November meeting.

At the request of Mr. Reinhart, Ms. Vick described how The Port of Virginia was invited by the commander of SDDC, about two years ago, to attend an executive round table meeting which eventually lead to the selection of PMT as a strategic port to handle the military load-outs. Ms. Vick mentioned that the Port is an active member of the National Defense Transportation Association (NDTA) which supports the strategic ports and also enhanced the Port Readiness Committee. She noted that TRANSCOM has also invited The Port of Virginia to participate in an executive level meeting with commanders and strategic partners before the NDTA meeting next week. Ms. Vick advised she would be at the NDTA meeting.

Ms. Waters announced that the ILA reported back to express their pleasure that they were brought into the SDDC project and appreciated the additional training that allowed them to give the best performance they could to help bring more business to the Port.

VI. Report by Chief Marketing Officer – James (“Jay”) Stecher

Mr. Stecher provided an update on the Marketing division’s efforts to tell The Port of Virginia story by way of earned media and he announced the following results:

- Nearly \$600,000 in ad equivalency – an increase of 47 percent compared to July 2019
- 97 percent of mentions were “good” or “neutral” in sentiment
- A shift in messaging – “Heartland” “Capacity” “Reservation System” “World Class” and “Cranes” take the Top 5 spots
- International Coverage – 9 countries ran stories mentioning The Port of Virginia in August

Mr. Stecher reported that there has been a slight drop-off in the amount of news coverage in Asia and he explained plans to test methods to boost the coverage this Fall by using wire services, increasing press releases, and releasing news articles over the wire.

Mr. Stecher reported that the Marketing division recently signed a contract with Sway Creative Labs (located in Norfolk) to help with strategy, buying, and placing, of advertisements. He noted that Sway is a small business, thereby increasing the Port’s SWaM expenditures.

Mr. Stecher announced that, in early 2020, The Port of Virginia will be rolling out a digital ad campaign that will help generate leads for the sales team and create “sales funnels” – driving traffic to specific landing pages on our website. He added that the Port and the Virginia Economic Development Partnership (VEDP) are also working together on some co-marketing efforts and have plans to talk about some direct marketing efforts to some specific audiences of site selectors.

Mr. Stecher announced that this was the third year that the Port participated in National Truck Driver Appreciation Week and colleagues went out to show appreciation by handing out bottled water and Port of Virginia-branded polarized sunglasses and shared the news over social media. He then talked about the social media outreach planned for next month with the release of an editorial calendar for articles and other items of interest.

Mr. Stecher announced that there is an RFP on the street for a new website. He mentioned that the RFP is a “SWaM set aside”, which means it can only be responded to by a SWaM organization, and the deadline is this week.

VII. Report by CEO/Executive Director - John F. Reinhart

Following are closing remarks by Mr. Reinhart:

Mr. Chairman, Commissioners, Colleagues, Partners and Guests:

- We appreciate the guidance and support we receive from the Board. We welcomed a new commissioner yesterday and look forward to working with John Asbury. We also are pleased that Captain William Cofer and Deborah Waters were reappointed for another five-year term. The continuation of their service provides continuity on our board.
- Our journey to Wider-Deeper-Safer is moving to reality with your approval of Resolution 19-9. We will now award the contract on the first constructible element to begin by January 2020.
- The execution of our project team and all colleagues on our infrastructure projects has been outstanding. VIG is done and NIT is coming on line as planned. We now have capacity to grow efficiently and compete aggressively.
- The benefits of our investments and infrastructure are being felt by our customers and partners. The operational metrics continue to improve as we provide outstanding service across our operations. Great work by our team. We are also working safer and driving our safety culture.
- Momentum on economic development continues to build across the Commonwealth and we anticipate record results this year working with state, regional and local economic development partners. VEDP coordination has never been stronger. Stephen Moret and I are collaborating on some very exciting and transformative projects.
- Diversification continues with positive results working with SDDC and supporting our military. Trans-loading is growing, breakbulk is building and looking at offshore wind (OSW) to build capabilities, jobs and opportunity is becoming a reality. Dominion's announcement to build 220 OSW turbines by 2026 is accelerating the interest in Virginia. We have the capabilities to be a supply chain center for the industry.
- We will host the AAPA Convention in Norfolk in October and have a chance to showcase how we are Revolutionizing America's 1st Port.

- Our team continues to grow stronger, be resilient and sustainable. Every part of our team is living and leading by our values. We have an exceptional team and we are delivering each day. Together we are building capacity for greatness, delivering on our promise to be an economic engine for Virginia, and creating a sustainable port for the future. I want to thank our team for their dedication, innovation, mindfulness, fortitude and accessibility.

VIII. Unfinished Business

There was no unfinished business.

IX. New Business

There was no new business.

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

There being no further business and no public comments, the meeting adjourned at 10:22 a.m.

Respectfully submitted,



Debra J. McNulty
Secretary to the Board

The next VPA Board of Commissioners Public Session is scheduled for November 19, 2019 (Thanksgiving is November 28th). Board committee meetings are scheduled for Monday, November 18th. Chairman Milliken will announce the 2020 VPA Board meeting schedule at the November 19th public session.



VIRGINIA PORT AUTHORITY

(Committee Assignments effective September 24, 2019)

FY2020 STANDING COMMITTEES

Executive Committee

John G. Milliken, Chair
F. Blair Wimbush, Vice Chair
Jennifer D. Aument
Alan A. Diamonstein
Faith B. Power

Finance and Audit Committee

Faith B. Power, Chair
Kim Scheeler, Vice Chair
John C. Asbury
Manju S. Ganeriwala (State Treasurer)
Louisa M. Strayhorn

Growth and Operations Committee

Alan A. Diamonstein, Chair
Jennifer D. Aument, Vice Chair
J. William Cofer
Val S. McWhorter
Stephen Moret
Deborah C. Waters

Resolution 14-12, which includes formation of an Investment Committee, was adopted by the Board on November 18, 2014 – Delegation of Fiduciary and Administrative Duties Under Pension, Defined Contribution and Deferred Compensation Plans:

Investment Committee

Chairman of the Board
Chairman, Finance and Audit Committee
CEO/Executive Director
Chief Financial Officer
Chief Human Resources Officer

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

RESOLUTION 19-8

AUTHORIZING THE ADOPTION OF THE VIRGINIA PORT AUTHORITY ETHICS AND COMPLIANCE CHARTER

WHEREAS, the Virginia Port Authority (the "Authority") acting by its Board of Commissioners has found and determined that it is in the best interest of the Authority to adopt an Ethics and Compliance Charter designed to prevent, detect and respond appropriately to potential violations of policy and regulations, and foster a corporate culture that promotes integrity and ethical behavior; and

WHEREAS, the Board of Commissioners has been presented at its meeting the proposed Ethics and Compliance Program Charter for consideration and approval.

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

Section 1. Approval of the Ethics and Compliance Program Charter. The Ethics and Compliance Program Charter (the "Charter") presented to the Board is hereby approved in the form presented at this meeting. The Executive Director is further delegated the authority to effectuate the Charter and oversee its implementation.

Section 2. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority in furtherance of this Resolution are hereby ratified and confirmed. The officers and staff of the Authority, any of whom may act, 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 connection with the adoption of this Charter.

Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 24th day of September, 2019.



John G. Milliken
Chairman

Attest:



Debra J. McNulty, Secretary



VIRGINIA PORT AUTHORITY

600 WORLD TRADE CENTER, NORFOLK, VA 23510

(757) 683-8000

Virginia Port Authority Ethics and Compliance Program Charter

Background:

The Virginia Port Authority operates in a complex, dynamic and regulated environment. The VPA's business involves regulations at both the federal and state level and has established internal policies and procedures to ensure compliance with such. This Charter sets out the fundamental principles of the Ethics and Compliance Program (the "Program") and specifically defines roles and responsibilities.

Purpose

The Program is designed to prevent, detect and respond appropriately to potential violations of regulation and law and internal VPA policies and procedures, and to foster a corporate culture that promotes integrity and ethical behavior.

Organization and Responsibilities

- **Board of Commissioners:** The Board of Commissioners, through the Finance and Audit Committee, exercises governance over the Program's implementation, ongoing management, and effectiveness. The Finance and Audit Committee shall:
 - Adopt the Compliance and Ethics Program Charter.
 - Promote and support a company-wide culture of ethical and lawful conduct.
 - Ensure adequate resources and appropriate authority are provided to the Program.
 - Provide governance of significant compliance and ethics issues and risks.
 - Meet with the Compliance Officer (CO) on a regular basis to review reports and the overall effectiveness of the Program.
- **Chief Administration Officer:** The Chief Administration Officer (CAO) reports to the Virginia Port Authority Executive Director/Chief Executive Officer (CEO). The CAO is responsible for managing the Compliance Officer on a day-to-day basis and ensuring that the Program meets all necessary legal and regulatory requirements for an effective compliance program. The CAO shall:
 - Periodically review the performance of the CO and the overall effectiveness of the Program.
 - Establish strategic Program goals and objectives to be carried out by the CO and the broader Program organization.
- **Compliance Officer-** The Compliance Officer has overall day-to-day responsibility for managing the Program. The CO reports directly to the CAO and reports periodically to the Finance and Audit Committee. The CO will specifically:

- Report annually to the Board of Commissioners on the Program's implementation, continuous improvement and overall effectiveness.
- Report to the Finance and Audit Committee regularly, but no less than quarterly, on any significant investigations of policy violations, including any matter involving criminal misconduct or potentially serious violations of VPA policies.
- Ensure that the company has policies and procedures reasonably designed to satisfy legal obligations and prevent misconduct, and systems for detecting misconduct.
- Manages the Program and promotes awareness of the company's values, regulations and policies. The CO also promotes the ethical and professional behavior of all colleagues.
- Investigates reported or suspected compliance and ethical violations and, with General Counsel, coordinates the company's response to regulatory investigations and inquiries. The Compliance Officer, with accountability for confidentiality and safeguarding records and information, is authorized full access to company records, physical properties and personnel pertinent to carrying out investigations.
- Reports significant ethics and compliance activities to the Finance and Audit Committee.
- Coordinate with colleagues on the implementation of the Program.
- Ensure that the Program is implemented across all business units, is appropriately resourced, is functioning properly, and is monitored for effectiveness.
- Ensure that a periodic assessment and prioritization of the greatest legal and regulatory risks to the POV is conducted.
- Recommend changes to the program.
- **Port of Virginia Senior Leadership** is responsible for promoting a strong culture of compliance and ethics throughout the organization, with shared values and a commitment to an ethical business. The Senior Leadership team will:
 - Set the tone at the top.
 - Create a culture where colleagues are encouraged to come forward with concerns and retaliation is not tolerated.
 - Demonstrate a commitment to integrity.
 - Ensure that misconduct is addressed through appropriate action and remedial and/or educational measures.
- **Compliance Committee (CC):** Each member of the Senior Leadership team will designate members of their team to serve on the Compliance Committee. The Compliance Committee shall have a representative from each business unit. The CC will:
 - Meet monthly to review legal requirements and specific risks in each business unit.
 - Review policies and procedures associated with their individual business unit and facilitate updating the policies and procedures as needed.
 - Foster and promote a culture that encourages ethical conduct and a commitment to ethical decision-making and compliance with the law and internal policies and procedures throughout the organization.
 - Oversee the Program's implementation, operation, and continuous improvement.
- **All Colleagues** share the responsibility for maintaining an ethical environment. Colleagues must understand and adhere to all Port of Virginia policies and all applicable laws and regulations. Colleagues' actions must reflect the highest standards of ethics and integrity.

RESOLUTION 19-9

AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO A CONTRACT FOR THE NORFOLK HARBOR NAVIGATION DREDGING IMPROVEMENTS AT THIMBLE SHOAL CHANNEL

WHEREAS, 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"); and

WHEREAS, 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; and

Whereas, pursuant to the Act, the Authority is empowered to cooperate with, and to act as an agent for, the United States of America or any agency, department, corporation or instrumentality thereof in the maintenance, development, improvement, and use of harbors and seaports of the Commonwealth; and

WHEREAS, in furtherance of its powers and duty, the Authority intends to complete the Norfolk Harbor Navigation dredging improvements at Thimble Shoal Channel West within the approximately 8.2 statutory mile segment west of the Chesapeake Bay Bridge-Tunnel to the required depth of fifty-six feet with one foot of allowable over depth (hereafter "Thimble Shoal Channel Dredging Project"); and

WHEREAS, the Thimble Shoal Channel Dredging Project will be funded by the Commonwealth of Virginia through the Virginia Public Building Authority bonds; and

WHEREAS, the Authority issued an invitation for bids for the Thimble Shoal Channel Dredging Project, whereby one responsive bid was received; and

WHEREAS, the lowest responsive bid submitted by a responsible bidder, Weeks Marine, Inc., was for a project cost of up to seventy-eight million, six hundred and twenty-five thousand, five hundred dollars (\$78,625,500); and

WHEREAS, the Board has determined that it is appropriate to delegate to the Executive Director the authority to approve the final terms, and execute and deliver, the contract for the Thimble Shoal Channel Dredging Project with Weeks Marine, Inc. (hereinafter the "Thimble Shoal Channel Dredging Contract").

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

Section 1. Approval of Contracts. The execution and delivery of the Thimble Shoal Channel Dredging Contract by the Authority consistent with the foregoing Recitals is hereby authorized. The Board of Commissioners hereby authorizes the Executive Director to approve the form and content, and to execute and deliver, the Thimble Shoal Channel Dredging Contract on behalf of the Authority. The execution of the Thimble Shoal Channel Dredging Contract by the Executive Director shall be conclusive evidence of the Authority's approval of the Thimble Shoal Channel Dredging Contract and issue the Notice to Proceed. The Board of Commissioners 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 employees of the Authority in furtherance of the Thimble Shoal Channel Dredging Contract are hereby ratified and affirmed. 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 Thimble Shoal Channel Dredging Contract.

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

PASSED AND ADOPTED this 24th of September 2019.



John G. Milliken, Chairman

Attest:



Debra J. McNulty, Secretary

JULY FINANCIAL PERFORMANCE

OPERATING REVENUES AND EXPENSES:

For the Month Ended July 31, 2019

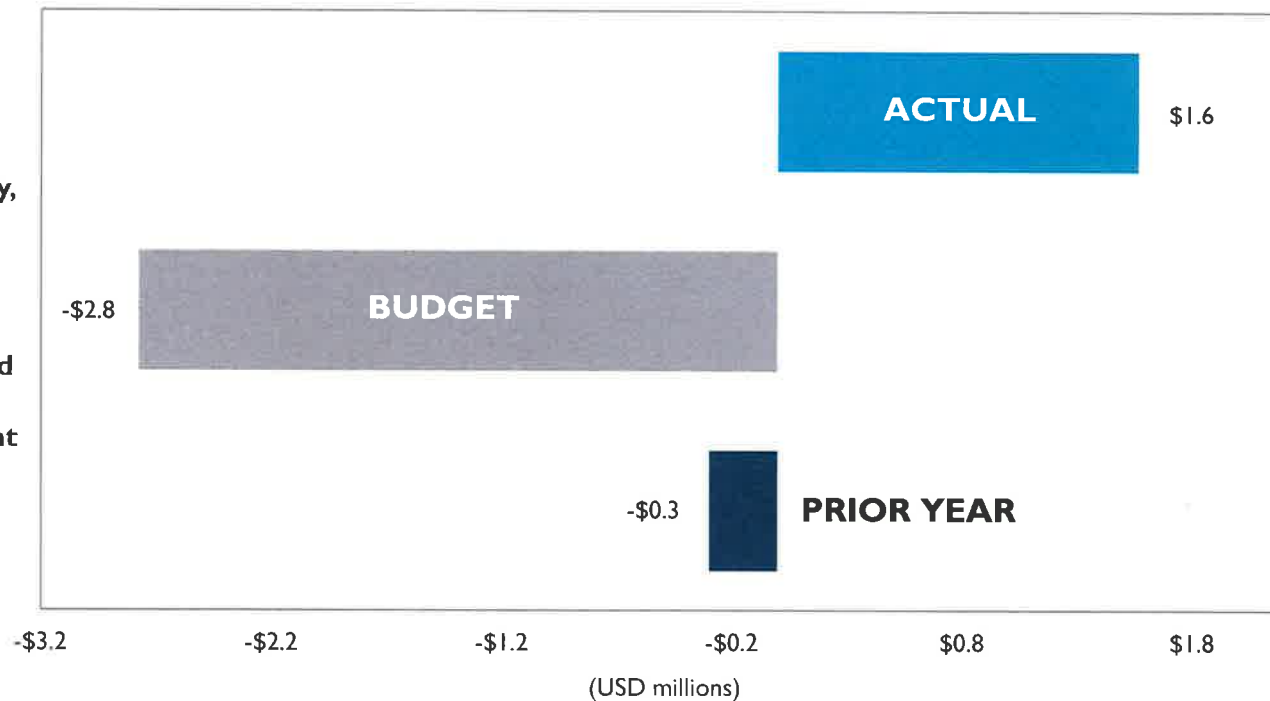
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for **Actual, Budget and Prior Year**.



OPERATING INCOME (LOSS):

For the Month Ended July 31, 2019

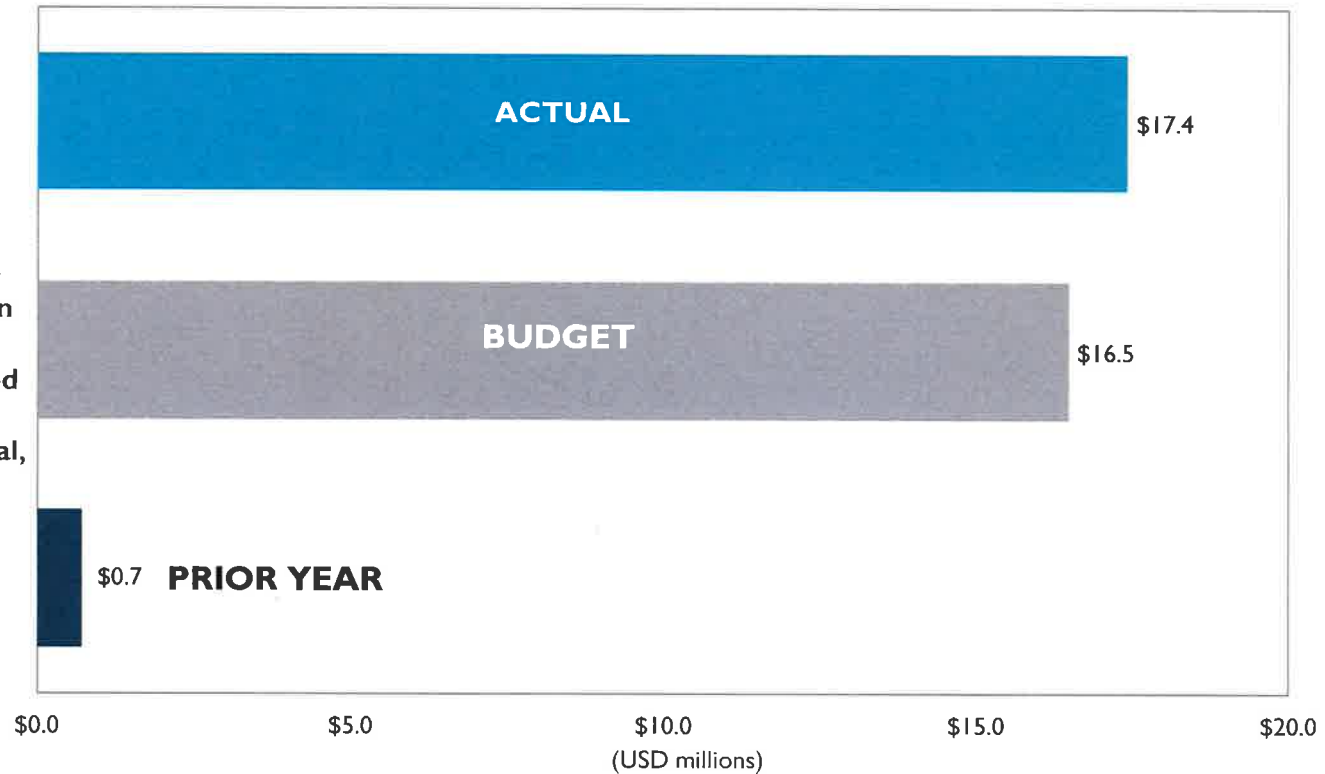
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended July 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**.



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

| | FY 2018 | FY 2019 | Change | % Change |
|-------------------------------|------------------|------------------|-----------------|---------------|
| Total TEUs | 511,500 | 523,235 | 11,735 | 2.3% |
| Export Loaded TEUs | 166,365 | 161,610 | (4,756) | -2.9% |
| Export Empty TEUs | 104,909 | 111,101 | 6,193 | 5.9% |
| Import Loaded TEUs | 237,174 | 246,802 | 9,628 | 4.1% |
| Import Empty TEUs | 3,052 | 3,722 | 670 | 22.0% |
| Total Containers | 290,257 | 292,490 | 2,233 | 0.8% |
| General Cargo Tonnage | 3,787,061 | 3,745,998 | (41,062) | -1.1% |
| Container Tonnage | 3,750,224 | 3,715,341 | (34,883) | -0.9% |
| Breakbulk Tonnage | 36,837 | 30,657 | (6,179) | -16.8% |
| Total Rail Containers | 103,505 | 95,745 | (7,760) | -7.50% |
| VIP Containers | 7,533 | 6,084 | (1,449) | -19.2% |
| Total Barge Containers | 10,053 | 11,171 | 1,118 | 11.1% |
| RMT Containers | 6,235 | 7,122 | 887 | 14.2% |
| Total Truck Containers | 176,699 | 185,574 | 8,875 | 5.0% |
| Ship Calls | 291 | 268 | (23) | -7.9% |
| Vehicle Units | 5,306 | 3,419 | (1,887) | -35.6% |