

MINUTES

Virginia Port Authority Board of Commissioners – Public Session 397

600 World Trade Center,

Norfolk, Virginia

Tuesday, November 19, 2019

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on November 19, 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

John C. Asbury

Jennifer D. Aument

J. William Cofer

Manju S. Ganeriwala, State Treasurer

Val S. McWhorter

Stephen Moret

Faith B. Power

Kim Scheeler

Louisa M. Strayhorn

Deborah C. Waters

VPA Staff:

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

Jason Barlow, Vice President, Contracts & Risk Management

Christopher “Kit” Chope, Vice President, Sustainability

Daniel Hendrickson, Vice President, Strategic Planning & Analytics

Mark Thorsen, Vice President Technology/Chief Information Officer

Gregory Edwards, Director, Internal & Partner Communications

VPA Staff (continued):

Ron Green, Director, Process Excellence
Dustin Rinehart, Director, State & Local Government Affairs
Andrew Sinclair, Director, Federal Government Affairs
Anja Sparenberg, Director, Management Reporting & Analytics
Carla Welsh, Director, Creative Services
Sara Burnett, Manager, Commercial Pricing
Kenon Thomas, Manager, Project, Plant, and Grant Accounting
Kelly Taylor, Information Technology Technician
Melissa Katz, Graphic Designer
Mary Ann Miller, Claims Coordinator
Brianna Stierley, Financial Reporting Specialist
Debra J. McNulty, Secretary to the Board

VPA Senior Leadership Team Absent:

John F. Reinhart, CEO & Executive Director
Sarah McCoy, General Counsel

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

Guests:

W. Brice Fiske, Office of the Attorney General
Bill Bateman, Savant
Anne Bibeau, Vandeventer Black LLP
JoAnne Carter, PFM Financial Advisors, LLC
Kristy Choi, PFM Financial Advisors, LLC
Will Fediw, Virginia Maritime Association (VMA)
Michael Garber, PBMAres
Bryant McGann, Vandeventer Black
Savannah Pegg, DLS Engineering
Vanessa Yearick, Williams Mullen (Bond Counsel)

Safety Briefing and Introductions

Mr. Ruddy conducted the safety briefing and Mr. Edwards introduced guests who were in attendance. There were no members of the press in attendance.

In Memoriam – Commissioner Alan A. Diamonstein

(A photo of Alan Diamonstein, John Milliken, Secretary Shannon Valentine, and Governor Ralph Northam taken at the VIG Ceremony in July 2019 was displayed on the screens.)

Chairman Milliken remarked on the recent passing of Commissioner Alan A. Diamonstein and, with regard to the photo, he said, "...it captured Alan with a smile on his face and a twinkle in his eye as he was probably peering across the water to Newport News to make sure everything is copasetic over there". The Chairman described Mr. Diamonstein as a remarkable person, public servant, a skilled lawyer and professional, and a devoted family man. Chairman Milliken said that he had the honor of attending Mr. Diamonstein's memorial service with many family, friends, colleagues, and political associates in attendance.

Chairman Milliken stated that Mr. Diamonstein was very proud to be a member of the VPA Board and a part of the progress of The Port of Virginia. At this time, the Chairman asked for a moment of silence.

Presentation – Recognizing the Service of VPA Commissioner Kim Scheeler

Chairman Milliken presented Mr. Scheeler with a shadowbox commemorating his time in service as a member of the VPA Board of Commissioners and announced that Mr. Scheeler was retiring. The Chairman explained that Mr. Scheeler was appointed to the Board as the designated representative from the Richmond area who was knowledgeable about the Richmond community, both political and professional, and somebody who would be the missionary for and the communicator of the Port's message in the Richmond metropolitan area. The Chairman spoke of Mr. Scheeler's efforts to promote Richmond Marine Terminal and said he was integral to the terminal's success.

Mr. Scheeler thanked Chairman Milliken, the Board and staff. He reminisced about his experience when first appointed to the VPA Board, the difficulties faced by the Port, and the turnaround that has taken place over the last five years. Mr. Scheeler expressed how he was proud to be a member of the Board and proud of the accomplishments by all of the POV colleagues who he described as hard-working, focused, who have vision and understand how to execute that vision. Mr. Scheeler said he wished John Reinhart were here today so that he could personally thank him for being the "real driver" of this organization.

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Chairman Milliken also announced that, in addition to Mr. Reinhart's absence due to travel, Sarah McCoy is currently on parental leave and he acknowledged Mrs. McNulty's birthday.

I. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the regular meeting of the VPA Board, held September 24, 2019, were unanimously approved as circulated.

II. Reports of Committees

A. Executive Committee Report – Chairman Milliken

Chairman Milliken reported that the Executive Committee met on November 18th and went into closed session to discuss a confidential personnel matter and that there was no action taken.

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

Ms. Power reported that the Finance and Audit Committee met on Monday afternoon and received presentations from management and consultants on the final fiscal year 2019 audits and financial results, considered establishing financial and debt management guidelines, reviewed resolutions for a possible refunding of Commonwealth Port Fund bonds and a maintenance dredging authorization for Newport News Marine Terminal (NNMT), September year-to-date financial results, and a report from the Administration Services and Compliance Division.

Ms. Power advised that Ms. JoAnne Carter, with Public Financial Management, presented recommendations for establishing proposed financial and debt management guidelines for the Authority. **She reported that the Committee agreed to move forward with drafting formal guidelines and presenting a document for approval at the January Board meeting.**

Ms. Power mentioned that the Committee heard from Mr. Matthew Barnes-Smith, Chief Administration Officer, who reported a 40.95% SWaM (small, women-owned, and minority) procurement for the first quarter of FY2020, continuing the trend over the past three fiscal years.

Ms. Power reported that Ms. Vanessa Yearick, VPA's bond counsel with Williams Mullen, reviewed a proposed resolution authorizing management to take advantage of the current low interest rate environment by approving a potential refunding of Commonwealth Port Fund bonds when timing is appropriate. **Ms. Power advised that Resolution 19-10 was**

recommended by the Finance and Audit Committee for approval with some additional language that requires management to give reasonable notice to the Chairman, Vice Chairman, and Chair of the Finance and Audit Committee, prior to going to the Treasury Board for approval.

At this time, Chairman Milliken announced acceptance of Resolution 19-10, as offered by the Finance and Audit Committee, with the additional language that was recommended in Section 10 of the Resolution, which requires the Authority to notify the Chair, Vice Chair, and Chair of Finance and Audit Committee prior to seeking approval from the Treasury Board.

Action: Upon motion by Ms. Power, on behalf of the Finance and Audit Committee, seconded by Mr. McWhorter, the Board unanimously approved Resolution 19-10 (12-0), supplementing Resolution 02-4, as previously amended and supplemented, authorizing the issuance of Commonwealth Port Fund Revenue Refunding Bonds in Calendar Year 2020, Granting Authority to the Executive Director of Virginia Port Authority, to approve the issuance of such bonds and related matters.

Ms. Powers reported that the Committee also received a presentation from management and a draft of Resolution 19-11, authorizing the Authority to enter into a contract with W3 Marine for maintenance dredging at Newport News Marine terminal at a total cost of \$3,045,000. She confirmed that Resolution 19-11 was recommended by the Finance and Audit Committee for approval. Chairman Milliken asked for a motion at this time.

Action: Upon motion by Ms. Power, on behalf of the Finance and Audit Committee, seconded by Mr. McWhorter, the Board unanimously approved Resolution 19-11 (12-0), authorizing the Virginia Port Authority to enter into a contract for maintenance dredging at Newport News Marine Terminal.

I. Overall Results of the FY19 Audits of VPA and Virginia International Terminals, LLC (VIT)

Mr. Oliver introduced Mr. Michael Garber, with PBMares, who provided a summary of the audit results for FY2019. Mr. Garber advised that he reported to the Finance and Audit Committee on Monday afternoon and provided a detailed presentation of the audit results, including a private closed session with Board members without staff present. He reported that the presentation was about the audit in general and that the opinions on the VPA and VIT financial statements and opinions on internal control compliance were all unmodified, or clean opinions.

Mr. Garber reported that he also reviewed key items that were in the Management Letter regarding schedule of federal awards (grants) and implementation of the PeopleSoft financial system. He remarked that the process went extremely well and he congratulated the POV financial team on their work. Mr. Garber mentioned that extra internal work was conducted by PBMares' information technology/systems teams to look at some of the functions of PeopleSoft that resulted in a few verbal comments for management but, he said, nothing of real concern.

Mr. Garber reported that he also met in closed session with Board members, without staff present, to discuss additional confidential matters relating to the audits. He mentioned that the audit reports were presented to the Board ahead of the board meeting. There were no questions from the Board.

Mr. Oliver thanked Mr. Garber and his team for their work on the audit which he said was very challenging considering the addition of PeopleSoft and end-of-year financials. He reported that the FY19 year-end operating income on a non-GAAP (generally accepted accounting principals) run-rate equivalent basis was \$645,000, which exceeded budget expectations of \$336,000. On a GAAP basis, Mr. Oliver reported that POV's operating income was \$61 million versus a budget of \$53.4 million and, from an aggregate net revenue coverage, POV far exceeded its projected budget for the fiscal year.

Ms. Powers added that it was important to acknowledge Mr. Oliver and his team and for the major migration of the software platform, PeopleSoft. She congratulated the Finance team for bringing the audit ahead of schedule and without adjustments. Chairman Milliken concurred with Ms. Powers on the achievements by the team.

2. VPA and Virginia International Terminals LLC (VIT) Consolidated
Financial Reports for the Month Ended September 30, 2019 – Rodney W.
Oliver, Chief Financial Officer

Mr. Oliver reported that volume for the month of September was below budget, resulting in lower revenue than expected. He noted that volumes were higher than the prior September. Mr. Oliver advised that ancillary revenues – loaded and empty container storage – were lower than budgeted due to operational efficiencies that have reduced container dwell times. Mr. Oliver reported that operating expenses were better than anticipated and all of the major categories – operations, general and accounting, depreciation - are all below budget expectations. He announced that POV had a slight operating income for the month of September compared to a budgeted loss of \$1.3 million.

Mr. Oliver reported change in net position (net income) was positive for the month, contributing almost \$12 million to the bottom line.

Mr. Oliver advised that results for the first three months of the fiscal year were very similar to the month of September with volume slightly below expectations, however, POV volume was up three percent through September and operating expenses were well below budget expectations. For the first three months, Mr. Oliver reported an operating income of just under \$200,000, considering POV budgeted for a more substantial operating loss. Change in net position (net income) for FY20 year-to-date added \$41 million to the bottom line.

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

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

Chairman Milliken announced that Mr. McWhorter is the new chair of the Growth and Operations Committee and he turned the meeting over to him at this time.

Mr. McWhorter reported that the Growth and Operations Committee met in closed session on November 18th and received extensive briefings on safety/operations, economic development, inland terminals, cargo sales, rail, and ocean carrier sales. Mr. McWhorter then asked Mr. Price to present at this time.

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 2.2 (2018) and that VIT is currently at 2.02. He emphasized that the goal is to drive that number way below VIT's goal because it means that more people who work at the port are going home safe.

Mr. Price then presented POV rail versus gate/barge volumes for October, reflecting over 140,000 lifts, and he noted that 65 percent is through gate/barge and 35 percent is rail. He presented POV rail volume through October and reported that rail volumes were about the same as last November yet rail dwell times are lower. Mr. Price explained that rail ready dwell times have been reduced about 20 hours for the time a box stays on the terminal which is a result of operational efficiencies.

Mr. Price reported that gate turn times have also been reduced and he presented an updated chart comparing October 2018 to October 2019 (attached). He mentioned that POV is the only port on the East Coast that has the ability to provide metrics for extended turn-times and that the Port's average turn-time is currently 33 minutes – the best on the East Coast. Mr. Price announced that POV has established a Pier Committee that addresses long truck dwells. He reported, last year, 14 percent of the trucks at VIG stayed on terminal for two to four hours and this year that number was reduced to less than one percent with higher volumes than last October.

Mr. Price announced that, as new stacks come online with the expansion at South NIT, the wait times for truckers will also improve as they did at VIG.

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

Mr. Capozzi presented POV fiscal year-to-date (July-October 2019) and reviewed some of the highlights from the attached list. He reported TEUs (twenty-foot equivalent units/20-foot container) were up 2.8 percent fiscal year-to-date. Mr. Capozzi mentioned that export loaded TEUs are seeing a slight increase of 0.4 percent, import empty TEUs up 44.8 percent; export empty TEUs up 6.1 percent and import loaded TEUs up 2.5 percent. He mentioned that it was a good sign with the increase of import empty containers because it means that shippers need the containers for exports. He attributed that increase to the pork that is being exported from Virginia.

Mr. Capozzi reported rail containers are down 4.56 percent and he talked about the influx of empty containers that were shipped last year due to the consolidation of Japanese lines that formed the consortium ONE (Ocean Network Express). He also noted the decrease in containers at the Virginia Inland Port (VIP) due to the loss of Mercury Paper.

Mr. Capozzi reported strong growth in barge volumes at Richmond Marine Terminal (RMT) and an increase in truck containers. He then described the following new businesses in Richmond:

- Scoular Grain - New on-terminal transload operation at RMT for agricultural products
- TransOcean - Transport of bulk liquids
- Winebow – Wine and spirits imported Italy and Chili

Mr. Capozzi mentioned that Brother and Bissell are very happy with their operations near RMT and volumes are moving. He announced that POV has an 18-month agreement with the military for Surface Deployment and Distribution Cargo (SDDC). The next cargo movement will be at NNMT (Q1-2020) and it will be larger than the Labor Day weekend movement that took place at PMT.

Mr. Capozzi mentioned Amazon's trans-load operation in Suffolk, and construction of a solar energy farm in Pittsylvania County, Virginia. He described several international and domestic events and conferences that were attended by members of the POV sales team.

Mr. Capozzi announced that POV is the only port on the East Coast who is a member of the Project Logistics Alliance (PLA) and they held their annual conference in Istanbul, Turkey. He reported that POV sales was also represented at the TPM Asia conference in Shenzhen, China, and also met with ship line officials to provide updates on POV's construction projects and metrics on turn-times and gate/vessel productivity. He described the domestic conferences and events that were attended - PMA Fresh Summit, Anaheim, Florida, JOC Inland Distribution, Chicago, and Breakbulk Americas in Houston. Mr. Capozzi thanked Jay Stecher and the marketing team for the compliments they received on the POV booth at the Houston show.

Mr. Capozzi announced that contract extensions are in progress with Hyundai and Atlantic Container Line (ACL), and he provided a brief explanation of Hyundai's movement to THE Alliance consortium and their new Asia to US East Coast service.

III. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs presented a photo depicting the various extracurricular activities by POV Colleagues – soccer team, 5K run, Dragon Boat Race Team, and football championship team.

Mr. Bibbs described several initiatives that include training and development for assistant operations managers (AOMs), the PIVOT program; Toastmasters Smedley Award; and the Book Galley (reading club). He explained how POV continues to tap resources for colleagues so that they can learn how the port operates.

(PIVOT-Policies, Procedures, and Performance; Interpersonal Awareness; Values; Organizational Awareness; Tools and Resources)

Mr. Bibbs reported that the Colleague Engagement Survey recently concluded with 89 percent participation of POV colleagues, which is best in class. He advised that preliminary results will be shared with the senior leadership team.

Mr. Bibbs announced that the POV Summer Internship Program, going into its fifth year, is accepting applications for 2020 summer work from December 2 – January 3. He explained that projects suggested by leadership were submitted by November 15th and that 12 interns will be accepted into the program. Mr. Bibbs advised that POV has hired about 15 interns to date, since the inception of the program, in the areas of human resources, operations, innovation,

sales, IT, and customer service. Applications are received from across the country and a majority of the students who are in the program have some connection to Virginia.

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

It was reminded by Mr. Ruddy that the Customer Service group was transferred to the Innovation Division from Sales on September 1. Mr. Ruddy reported that there has been much progress in the customer service area with the use of metrics and analytics to determine effectiveness, use of platforms to help connect POV with customers with the greatest speed, and enhancements for the customer experience. He announced that a new Cisco phone system was installed this week and he described the enhancements and the self-help feature. The new phone system can eventually be integrated with the CRM (customer relationship management) system used by the sales team. Mr. Ruddy reported that, in October, there was a six percent decline in calls as a result of centralizing all calls, and 8.7 percent decline in interactions (ex: emails).

Mr. Ruddy explained how POV has developed a “process culture” over the last 18 months and he credited the Process Excellence team - Ron Green, Vanessa Evans, and Rob Fowler. He mentioned that POV has over 30 percent of colleagues who have completed or are in the process of Lean or Six Sigma process training. Mr. Ruddy described how Rynne Shields, who is in the Human Resources division, applied her training to a recruitment matter. He also mentioned how Process Excellence is incorporating more inside training for colleagues, having been certified for training, thereby saving on transportation and cost.

I. Projects Update

Mr. Ruddy commended Mr. Rich Ceci, Vice President of Technology and Projects, and his team on the completion of Virginia International Gateway’s expansion. He announced that the project is DONE DONE (in the words of Mr. Ceci) officially on October 25, 2019.

Mr. Ruddy announced that Phases 1 and 2 of South NIT are complete and fully functional; Phase 3 is progressing well and stacks #19-#21 are due to come online in February 2020, stacks #22-#24 will come online in April 2020. He noted that crane delivery (rail-mounted gantries) for stacks (#19-#21) is scheduled for January 8, 2020. Mr. Ruddy reported that Phase 4 construction began on September 1, and is still on schedule for completion in November 2020.

Mr. Ruddy announced that the two new ship-to-shore cranes are scheduled to be delivered to South NIT in August 2020. He advised that a POV team went to Shanghai, China to meet with ZPMC to review progress and quality control.

Mr. Ruddy concluded his report with the attached timeline of projects and noted that South NIT is scheduled to have 25 shuttle-trucks come online on June 27, 2020.

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

Mr. Stecher referred to the 2019 Annual Reports that were distributed. He began the Marketing Division update with statistical information on POV’s “earned media” as follows:

- Nearly \$450,000 in ad equivalency
- 97% of mentions were “good” or “neutral” in sentiment
- Shift in messaging (things people are saying about POV) – “Service” “Capacity” “55 feet” “World Class” take the Top 5 spots
- International Coverage – 9 countries ran stories mentioning The Port of Virginia through September and October

Mr. Stecher advised that in the next few months, “midwest”, “heartland”, and “Chicago” will begin to appear in the earned media messaging due to targeted messaging by the marketing team. He then reported on “paid media” and announced that, in early January, POV is increasing its digital messaging versus print in order to get a higher return on investment for advertising dollars and that messaging will be easier to track. He explained how POV is using some sponsorship funds for its messaging, for example, Kevin Price will be on a panel at the JOC Port Productivity conference to spread the word about what POV is doing here in Virginia.

Mr. Stecher announced that there are several start-up meetings with POV’s vendor, Sway, on the rebuild of the new POV website. Further information on that project is forthcoming. He also mentioned the meeting in Summit, New Jersey, with Advent, the developer of the ProPass website (truck reservations system). Mr. Stecher presented examples of trucker notification system messages that are sent out by Greg Edwards, POV’s Director, Internal and Partner Communication. He explained how POV is moving from Twitter (free) messaging to a paid subscription messaging service, and he explained some of the benefits.

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

Ms. Vick reported on the annual Navigational Summit that was held on October 31, 2019, and is hosted by the U.S. Army Corps Norfolk District and Virginia Maritime Association (VMA). Ms. Vick announced that this year’s event was attended by Assistant Secretary of the Army (Civil Works) R.D. James, and the main topic was the first phase of the Norfolk harbor deepening/widening project that, she reported, was expedited faster than any other project in the nation (*Wider, Deeper, Safer®*).

Ms. Vick announced that the executive director of Weeks Marine also attended the summit. She reported that Weeks Marine was given notice to proceed on the first element of the harbor deepening project and she provided a brief update of the work in progress and announced that dredges will be in the water on December 1, 2019.

Ms. Vick thanked the Governor and General Assembly for their support with funding the first part of the dredging project. She reported that she and Chairman Milliken will be meeting with the Office of Management and Budget in D.C. on December 5th to meet with Acting Director Vought and Congressman Whitman to discuss new start designation once Congress passes the budget.

Ms. Vick thanked everyone who attended the American Association of Port Authorities (AAPA) Convention that was held in Norfolk and hosted by The Port of Virginia, in October. She talked about the success of the convention and work that went into planning for the four-day event and announced that POV was first place winner of the AAPA Environmental Award for "Best in Class" for our ISO 14001 certified Environmental Management System.

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

- 39 Announcements (since last Board meeting 9 new announcements)
- More than 4.88 million square-feet of space
- Created 3,530 jobs
- Invested more than \$2.0 billion

Since the last board meeting, Ms. Vick announced that two firms had business announcements in Pittsylvania County – a Lynchburg-based shoe company, and Morgan Olsen, manufacturer of aluminum walk-in trucks used by Amazon and others, are expanding into the former IKEA plant (700 new jobs-announced recently). Ms. Vick listed the other companies (of the 9) that had business expansions/relocations throughout Virginia.

Ms. Strayhorn thanked the POV team on the success of the AAPA Convention and she mentioned that she received many compliments from attendees. She mentioned that POV colleagues were spread throughout the convention assisting people and providing information and she complimented their customer service.

Ms. Vick presented a map of the GO Virginia regions (9) and announced that there have been 218 announcements throughout all of the regions from FY15-19. She reported that a POV economic development grant of \$45,000 was recently awarded to Ocean Network Express, Inc. (ONE) for the 45 full-time positions they created as a result of their North American headquarters location in Richmond.

VII. Closing Remarks by Chairman Milliken

Chairman Milliken remarked that, normally, John Reinhart would provide closing remarks but that he was returning from his travels abroad. The Chairman announced that the next time the VPA Board meets it will be 2020. He said POV would pivot from building, creating, and constructing, to marketing, selling, and energizing our people to increase the business and, as a result, jobs and economic development that come through the port, to the benefit of the Commonwealth.

Chairman Milliken announced that The Port of Virginia is ready for growth and that we have the team to do it. The Chairman affirmed that the Board has the confidence that POV will execute growth as a result of the expansions with the same level of success as they accomplished during the construction program. He stated that 2020 would be Phase Two after South NIT has been completed and that our sights are focused to aggressively increase business at the Port.

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

Chairman Milliken announced the VPA Board of Commissioners meeting dates for 2020 as follows:

January 28	July 28
March 31	September 22
May 19	November 17

The Chairman explained that committee meetings will be scheduled, as usual, on the Monday afternoon prior to Tuesday's public session. The Board meeting schedule will be posted to the Port's website.

Chairman Milliken also announced that the Standing Committees are currently set and that Mr. McWhorter is Chair of the Growth and Operations Committee and is also a member of the Executive Committee.

There being no further business and no public comments, the meeting adjourned at 10:24 a.m.

Respectfully submitted,



Debra J. McNulty

Secretary to the Board



Resolution No. 19-10

**RESOLUTION SUPPLEMENTING RESOLUTION 02-4, AS PREVIOUSLY
AMENDED AND SUPPLEMENTED, AUTHORIZING THE ISSUANCE OF
COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS IN
CALENDAR YEAR 2020, GRANTING AUTHORITY TO THE EXECUTIVE
DIRECTOR OF VIRGINIA PORT AUTHORITY TO APPROVE THE ISSUANCE
OF SUCH BONDS AND RELATED MATTERS**

The Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") adopted Resolution No. 02-4 on May 28, 2002 (as previously amended and supplemented, the "Bond Resolution"), which in Section 2.10 permits the issuance of bonds of the Authority for the purpose of, among other things, providing funds for refunding all or, if then permitted by law, any Bonds of any one or more Series of Bonds then outstanding, including the payment of any redemption premium and accrued interest thereon and any expenses in connection with such refunding.

The Authority has previously issued Bonds under the Bond Resolution pursuant to Series Resolutions adopted on (i) November 22, 2011 with an outstanding principal balance of \$62,395,000 (the "Series 2012 Taxable Bonds"), (ii) July 24, 2012 with an outstanding principal balance of \$31,985,000 (the "Series 2012B Taxable Bonds") and with an outstanding principal balance of \$4,795,000 (the "Series 2012C Bonds"), (iii) March 24, 2015 with an outstanding principal balance of \$58,680,000 (the "Series 2015 Bonds") and (iv) May 22, 2018 with an outstanding principal balance of \$59,950,000 (the "Series 2018 Taxable Bonds"). The Series 2012 Taxable Bonds, the Series 2012B Taxable Bonds, the Series 2012C Bonds, the Series 2015 Bonds and the Series 2018 Taxable Bonds are collectively referred to as the "Bonds." To take advantage of potential low interest rates as they may exist from time to time during calendar year 2020, the Board has now determined to refund all or a portion of the callable maturities of one or more series of the Bonds by the issuance and sale of refunding bonds pursuant to Section 2.10 of the Bond Resolution to be designated the "Virginia Port Authority Commonwealth Port Fund Revenue Refunding Bonds, Series 2020" (the "Series 2020 Bonds"), which Series 2020 Bonds may be issued in one or more series throughout calendar year 2020 and shall be appropriately designated to differentiate one series from another. The Series 2020 Bonds shall be issued as tax-exempt or taxable refunding issue(s) subject to certain Refunding Conditions, herein defined.

In Item 460 of Chapter 854 of the Acts of Assembly of 2019 and Item 454 of Chapter 665 of the Acts of Assembly of 2015, the General Assembly of the Commonwealth has authorized the Authority to refund the Bonds.

The Board also wishes to authorize the Authority to obtain Treasury Board approval of the Series 2020 Bonds and the associated plan of finance.

The Board has found and determined that the issuance and sale of the Series 2020 Bonds on the terms contemplated hereby are in conformity with the purposes of the Authority set forth in the Act and are in the public interest and otherwise beneficial to the Commonwealth of Virginia.

Section 2.10 of the Bond Resolution contemplates that in a Series Resolution supplementing the Bond Resolution the Board will authorize the issuance of its refunding bonds, fix the amount and the details thereof and describe the Indebtedness to be refunded. The definition of "Series Resolution" in the Bond Resolution states that if the Board shall delegate to the Finance and Audit Committee of the Board or the Executive Director the power to determine specifically the matters generally authorized by a Series Resolution of the Board, the resolution of the Finance and Audit Committee, or the certificate of the Executive Director, as the case may be, in furtherance of such Series Resolution shall be deemed to be part of the Series Resolution.

The Board has determined that it is necessary to delegate to the Executive Director the authority to approve the form and content of any preliminary official statement, final official statement, continuing disclosure agreement, bond purchase agreement, escrow agreement and any other documents deemed necessary by the Authority's bond counsel to consummate the refunding of the Bonds and the issuance of the Series 2020 Bonds (collectively, the "Refunding Documents"). As the actual terms of the Series 2020 Bonds and the identity of the Bonds to be refunded cannot be determined until the time the Authority enters the market, the Board has determined that it is necessary to delegate to the Executive Director the power to approve the issuance of the Series 2020 Bonds, the details thereof and the Bonds to be refunded, subject to the Refunding Conditions herein set forth, by the execution and delivery of one or more certificates of the Executive Director which shall be deemed to be part of this Series Resolution.

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

Section 1. Authorization of Bonds. (a) The Authority is authorized to issue the Series 2020 Bonds on a tax-exempt or taxable basis, in one or more series throughout calendar year 2020 pursuant to Section 2.10 of the Bond Resolution, as determined by the Executive Director, subject to the approval of the Treasury Board, for the purpose of providing funds, with other funds as may be available therefor, for refunding all or a part of one or more series of the Bonds, including the payment of any redemption premium and accrued interest thereon; paying costs of issuance of the Series 2020 Bonds; and as necessary, funding reserves for the payment of principal of and interest on the Series 2020 Bonds, subject, however, to the following conditions (the "Refunding Conditions"):

(i) The aggregate principal amount of the Series 2020 Bonds shall not exceed \$100,000,000;

(ii) If issued in more than one series, the Series 2020 Bonds shall be appropriately designated to differentiate one series from another;

(iii) The final maturity of any series of the Series 2020 Bonds is not later than one year after the final maturity of the Bonds to be refunded;

(iv) The net present value savings to be achieved by the Authority upon issuance of each series of the Series 2020 Bonds shall not be less than 3.0% of the aggregate principal amount of the related refunded Bonds; and

(v) The principal amortization of each series of the Series 2020 Bonds shall be substantially similar to the principal amortization of the Bonds to be refunded so as to achieve approximately level debt service savings, unless the Chairman of the Authority and the Chairman of the Authority's Finance and Audit Committee shall have each approved an alternative financing structure.

(b) The Series 2020 Bonds will be issued in fully registered form and may be sold in a public offering or a private placement. Any such issue of the Series 2020 Bonds offered in a public sale shall be issued in the name of Cede & Co., a nominee of the Depository Trust Company, New York, New York ("DTC"), and immobilized in the custody of DTC or otherwise as may be permitted by DTC's rules. One Series 2020 Bond in each series will be issued for the original principal amount of each maturity. Unless any such issue of the Series 2020 Bonds is offered in a private placement, beneficial owners will not receive physical delivery of the Series 2020 Bonds. Unless any such issue of the Series 2020 Bonds is offered in a private placement, individual purchases of the Series 2020 Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000.

Unless any such issue of the Series 2020 Bonds are offered in a private placement, payments of the principal of and premium, if any, and interest on the Series 2020 Bonds will be made to DTC or its nominee as registered owner of the Series 2020 Bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee, is the registered owner of the Series 2020 Bonds, references in the Bond Resolution or this Series Resolution to the Holders of the Series 2020 Bonds mean Cede & Co. and do not mean the beneficial owners of the Series 2020 Bonds.

Replacement Series 2020 Bonds (the "Replacement Bonds") will be issued directly to beneficial owners of Series 2020 Bonds rather than to DTC, or its nominee, but only in the event that:

(1) DTC determines not to continue to act as securities depository for the Series 2020 Bonds;

(2) the Authority has advised DTC of its determination that DTC is incapable of discharging its duties;

(3) the Authority has determined that it is in the best interests of the beneficial owners of the Series 2020 Bonds not to continue the book-entry system of transfer; or

(4) the Series 2020 Bonds being replaced were originally issued in a private placement.

Upon occurrence of the events described in clause (1) or (2), the Authority will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the Authority fails to locate another qualified securities depository to replace DTC, the Authority will execute, and the Bond Registrar will authenticate and deliver to the Participants (as defined in DTC's rules), the Replacement Bonds to which such Participants are entitled. In the event the Authority makes the determination described in clause (2) or (3) (the Bond Registrar has no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination), and if the determination under clause (2) has also been made, and the Authority has failed to locate another qualified securities depository and has made provisions to notify the beneficial owners of the Series 2020 Bonds by mailing an appropriate notice to DTC, the Authority will execute, and the Bond Registrar will authenticate and deliver to the Participants, the appropriate Replacement Bonds to which Participants are entitled. The Bond Registrar is entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds.

The Series 2020 Bonds will be issued substantially in the form set forth in Section 2.02 of the Bond Resolution, with appropriate variations, omissions and insertions as may be permitted or required by the Bond Resolution, this Series Resolution and any certificate of the Executive Director deemed a part of this Series Resolution. There may be endorsed on the Series 2020 Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law.

(c) Subject to the Refunding Conditions, the Series 2020 Bonds shall be issued in such principal amount; shall be dated a date that is on or before the date of their delivery; shall be Current Interest Bonds and shall be Serial Bonds and/or Term Bonds; shall mature, subject to mandatory sinking fund redemption with such Amortization Requirements and to the right of prior redemption in accordance with the Refunding Conditions and Section 2 hereof; and shall bear interest payable on January 1 and July 1 in each year commencing on such date, at such rates per annum, as may be determined by a certificate of the Executive Director delivered at the Closing.

(d) If any issue of the Series 2020 Bonds are offered in a public offering, the Authority delegates to the Executive Director the authority to appoint the underwriting syndicate for such series of the Series 2020 Bonds to be offered at public sale, and to designate the senior manager and co-senior manager, if any, of such underwriting syndicate.

(e) The Executive Director is authorized to obtain the services of a firm qualified under the Bond Resolution to verify the mathematical computations associated with the

refunding of the Bonds to be refunded, including its provision of an independent confirmation of the sufficiency and yield of the Defeasance Obligations deposited in the escrow fund created under any Escrow Agreement approved by the Executive Director.

Section 2. Optional Redemption. The Series 2020 Bonds shall be subject to the right of prior redemption at the option of the Authority upon such terms as the Executive Director shall determine with the advice of the Authority's financial advisor.

Section 3. Terms of Purchase; Approval of Bond Purchase Agreement. The Executive Director is hereby authorized, subject to the prior approval of the Treasury Board, if the Authority's Financial Advisor shall so recommend, to accept an offer of the underwriters in a public offering or an offer of an institutional buyer in a private placement, in the form of the Bond Purchase Agreement, to purchase all of any issue of the Series 2020 Bonds at the price stated therein. Multiple Bond Purchase Agreements may be executed by the Executive Director to consummate the sale of more than one issue of Series 2020 Bonds. The Executive Director's execution and delivery of the Bond Purchase Agreement(s) shall constitute conclusive evidence of his acceptance of the purchase price of an issue of Series 2020 Bonds and his approval of the form and content of any Bond Purchase Agreement.

Section 4. Approval of Official Statement. In any public offering of an issue of Series 2020 Bonds, the form and content of the Preliminary Official Statement shall be approved by the Executive Director. Subject to the approval of its form and content by the Executive Director, the use and distribution by the underwriters selected by the Executive Director of the Preliminary Official Statement in connection with the offering of the Series 2020 Bonds, prior to the availability of the Official Statement, are hereby authorized. The Executive Director is hereby authorized to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, and the distribution of such Preliminary Official Statement shall be conclusive evidence that the Authority has deemed such Preliminary Official Statement final. The Chairman or Vice Chairman of the Board and the Executive Director of the Authority are hereby authorized and directed to execute and deliver to the underwriters for their use and distribution in making a public offering of an issue of the Series 2020 Bonds (but only upon the terms and conditions set forth herein and in the Bond Purchase Agreement applicable thereto) a final Official Statement, together with any amendment or supplement to such final Official Statement as may be necessary to comply with the Bond Purchase Agreement, which in the case of such final Official Statement shall be substantially in the form of the Preliminary Official Statement approved by the Executive Director, with such changes, insertions and omissions as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve, and which in the case of any such amendment or supplement shall be in such form as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve. The execution and delivery by the Chairman or Vice Chairman and the Executive Director of the final Official Statement or any such amendment or supplement thereto shall be conclusive evidence that the Authority has approved any such changes, insertions and omissions, amendment or supplement, as the case may be.

Section 5. Approval of Other Refunding Documents. The Executive Director shall approve the form and content of the other Refunding Documents and is hereby authorized to execute and deliver the other Refunding Documents, his execution of such Refunding Documents to be conclusive evidence of such approval.

Section 6. Execution of the Bonds. The Series 2020 Bonds shall be executed with the original or facsimile signature of the Executive Director and the original signature of the Secretary of the Authority, and the seal of the Authority shall be impressed, or a facsimile of the seal of the Authority shall be imprinted, on the Series 2020 Bonds. The Series 2020 Bonds shall be authenticated by the Bond Registrar and shall be delivered by the Trustee to or for the account of the underwriters in the case of a public offering or to or for the account of the institutional buyer in the case of a private placement upon receipt of the purchase price set forth in the Bond Purchase Agreement accepted by the Executive Director.

Section 7. Application of Proceeds. The proceeds of the Series 2020 Bonds shall be transferred by the Trustee to the Escrow Agent for deposit, together with other available funds, in the escrow fund and applied by the Escrow Agent as required by the Escrow Agreement or used by the Authority to pay costs of issuance of the Series 2020 Bonds.

Section 8. Defeasance. The Executive Director is authorized to purchase Defeasance Obligations to be held under the Escrow Agreement on any date (which needs not be the same date in each case) between the dated date of the applicable Bond Purchase Agreement and the delivery date of the Series 2020 Bonds.

Section 9. Tax Covenant. If a tax-exempt issuance of any series of the Series 2020 Bonds is pursued, the Authority covenants that it will comply with the provisions of the Internal Revenue Code of 1986, as amended, so that interest on the Series 2020 Bonds will remain exempt from existing federal income taxes to which they are subject on the date of the issuance of such Series 2020 Bonds.

Section 10. Treasury Board Approval. The Authority requests the Treasury Board of the Commonwealth to approve the terms and conditions and structure of each issue of the Series 2020 Bonds in accordance with the provisions of Section 2.2-2416.5 and 2.2-2416.7 of the Code of Virginia of 1950, as amended. After reasonable notice duly given to the Chairman and Vice Chairman of the Board, and the Chairman of the Finance and Audit Committee, the Authority is authorized and directed to make application(s) for such approval(s) to the Treasury Board and to furnish such materials and do such things as may be required to obtain such approval(s).

Section 11. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority are hereby ratified and confirmed. The officers and staff 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 connection with the issuance of the Series 2020 Bonds.

Section 12. Other Definitions. All terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

Section 13. Series Resolution. This Resolution supplements the Bond Resolution and constitutes a Series Resolution as defined therein.

Section 14. Effective Date; Termination of Effectiveness. This Series Resolution shall take effect immediately upon its adoption. If no Series 2020 Bonds are issued by the Authority in accordance with the terms hereof prior to midnight on December 31, 2020, this Resolution shall expire and terminate.

PASSED AND ADOPTED this 19th day of November, 2019.


John G. Milliken, Chairman

Attest:


Debra J. McNulty, Secretary

RESOLUTION 19-11

AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO A CONTRACT FOR MAINTENANCE DREDGING AT NEWPORT NEWS MARINE TERMINAL

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, in furtherance of its powers and duty, the Authority intends to complete maintenance dredging of the ship berths at Piers B and C at the marine terminal known as Newport News Marine Terminal ("NNMT") to the required depths of 37 feet and 41 feet, with two feet allowable over depth ; and

WHEREAS, the NNMT dredging improvements will be funded from the US Army Corps of Engineers Harbor Maintenance Trust Fund through a Commonwealth Port Fund appropriation; and

WHEREAS, the Authority has issued an invitation for bids for the maintenance dredging at NNMT, whereby two bids were received; and

WHEREAS, the lowest responsive bid submitted by a responsible bidder, Hampton Roads Leasing dba W3 Marine, was for a project cost of up to three million and forty-five thousand dollars (\$3,045,000); and

WHEREAS, the Board has determined that it is appropriate to delegate to the Executive Director the authority to approve the final terms of, and execute and deliver, the contract for the NNMT maintenance dredging with Hamptons Roads Leasing dba W3 Marine (hereinafter the "NNMT 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 NNMT 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 of, and to execute and deliver, the NNMT Dredging contract on behalf of the Authority. The execution of the NNMT Dredging Contract by the Executive Director shall be conclusive evidence of the Authority's approval of the NNMT Dredging Contract. 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 NNMT 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 NNMT Dredging Contract.

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.

PASSED AND ADOPTED this 19th of November 2019.


John G. Milliken, Chairman

Attest:


Debra J. McNulty, Secretary

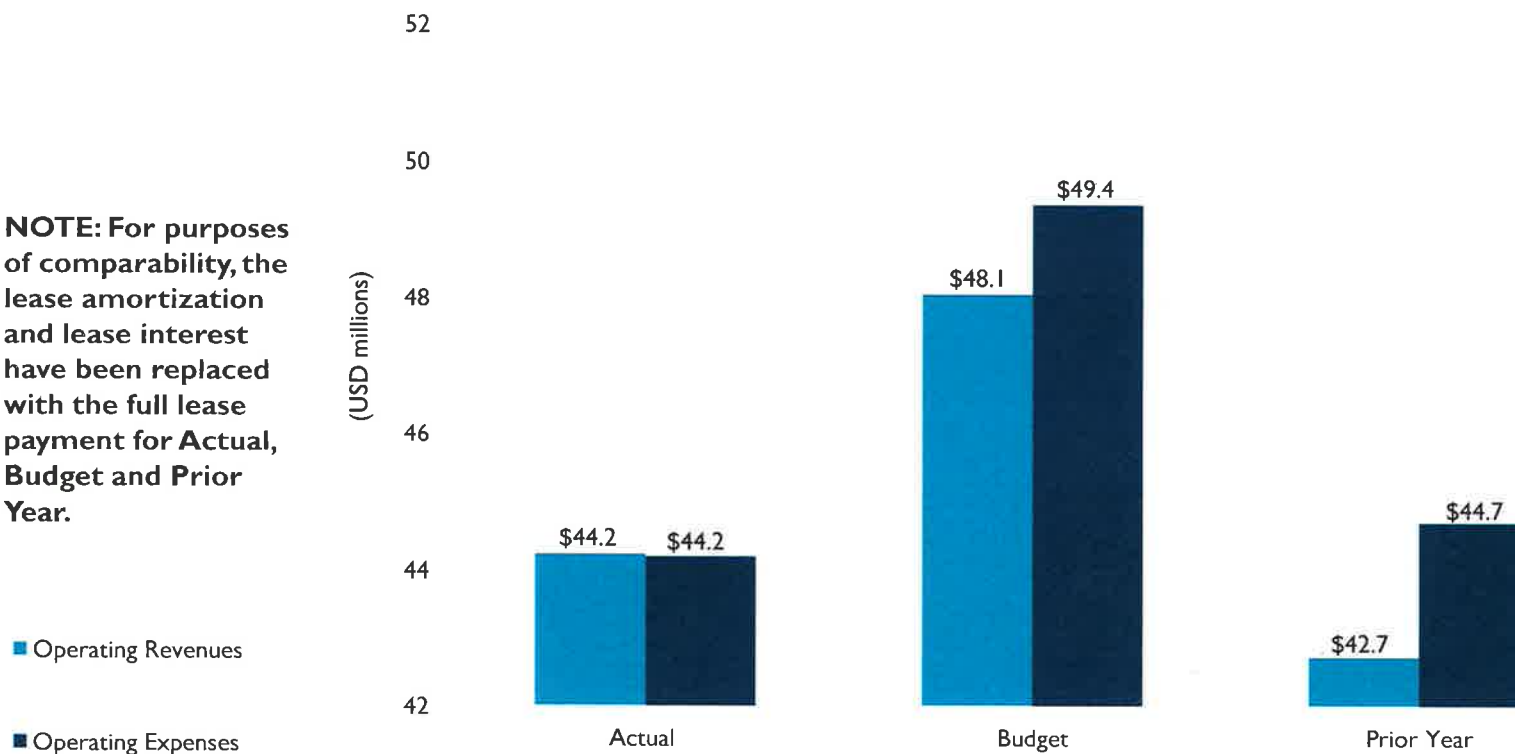
FINANCE and AUDIT COMMITTEE

Rodney W. Oliver
Chief Financial Officer

OPERATING REVENUES AND EXPENSES:

For the Month Ended September 30, 2019

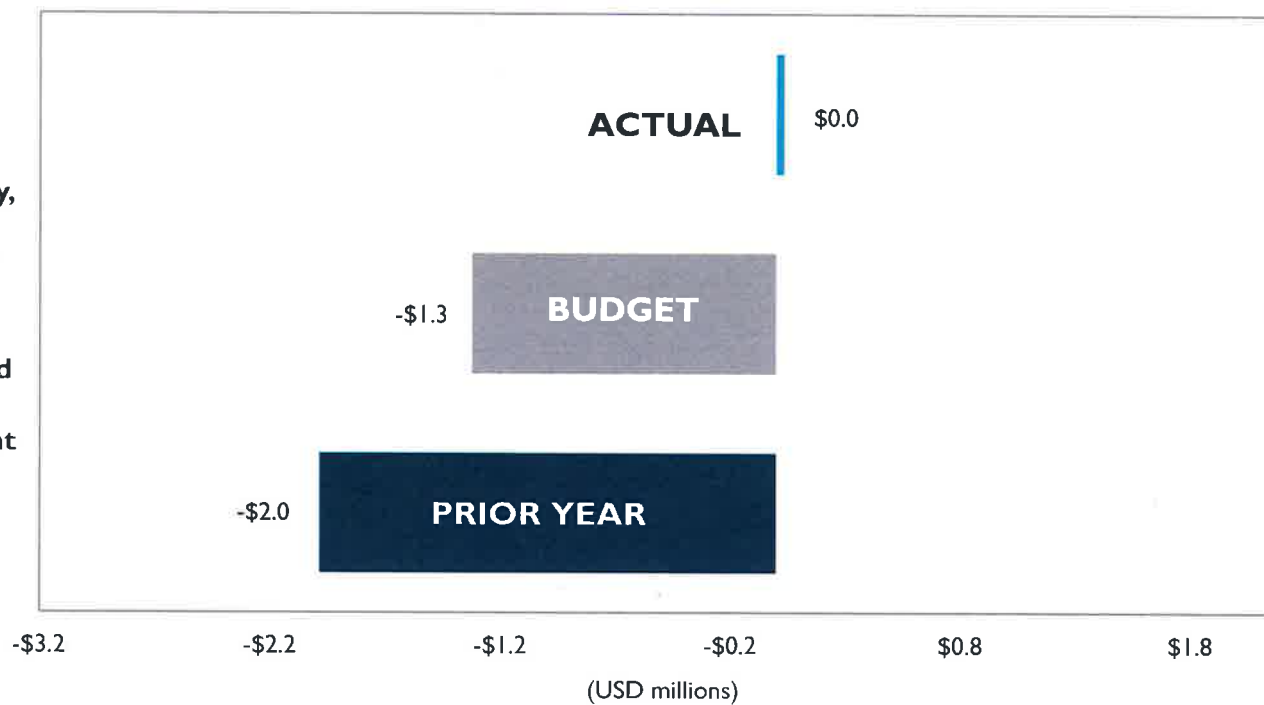
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



OPERATING INCOME (LOSS):

For the Month Ended September 30, 2019

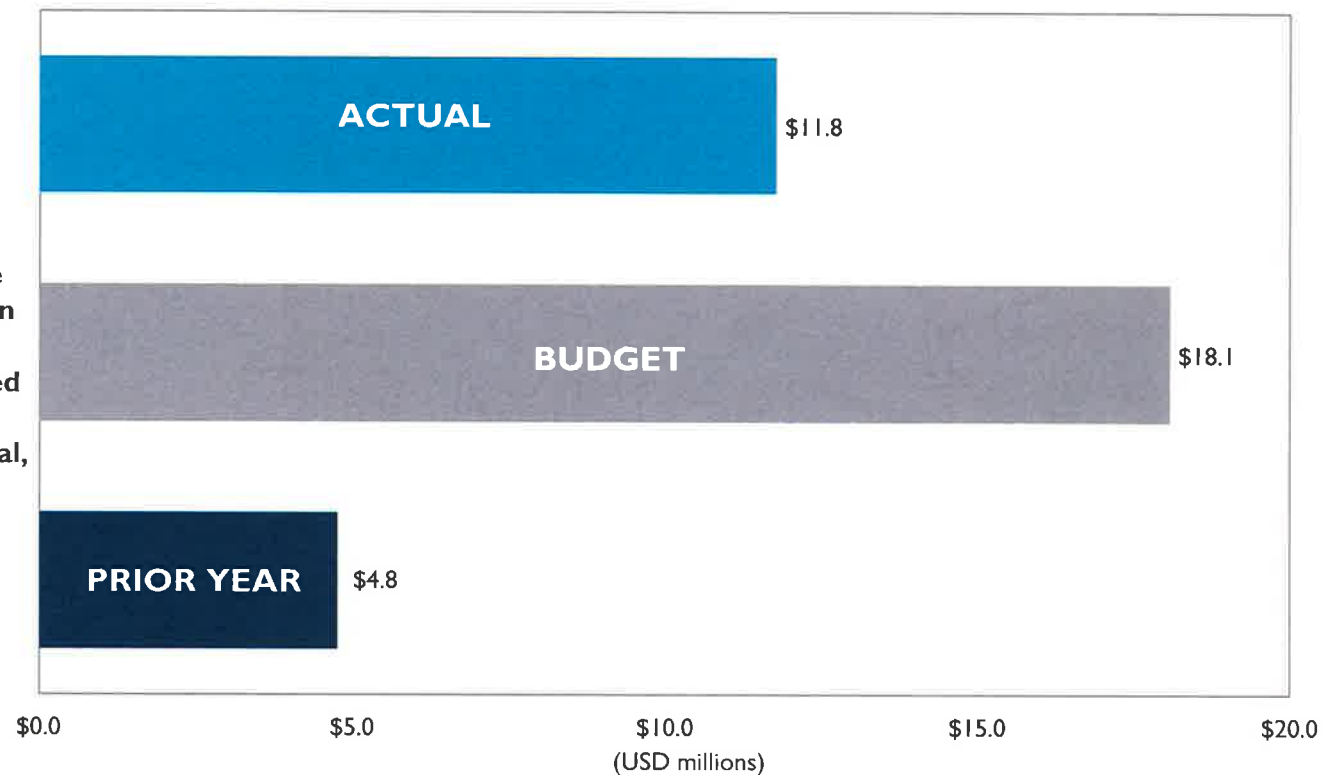
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended September 30, 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**.

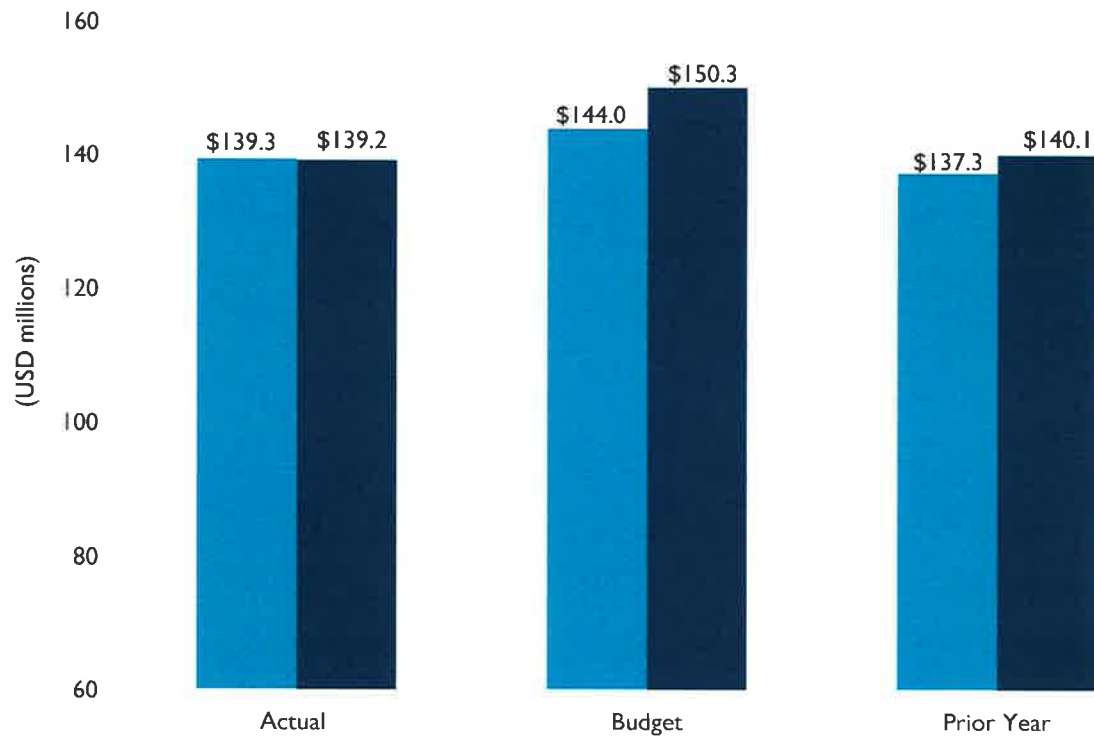


OPERATING REVENUES AND EXPENSES:

For the Three Months Ended September 30, 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.

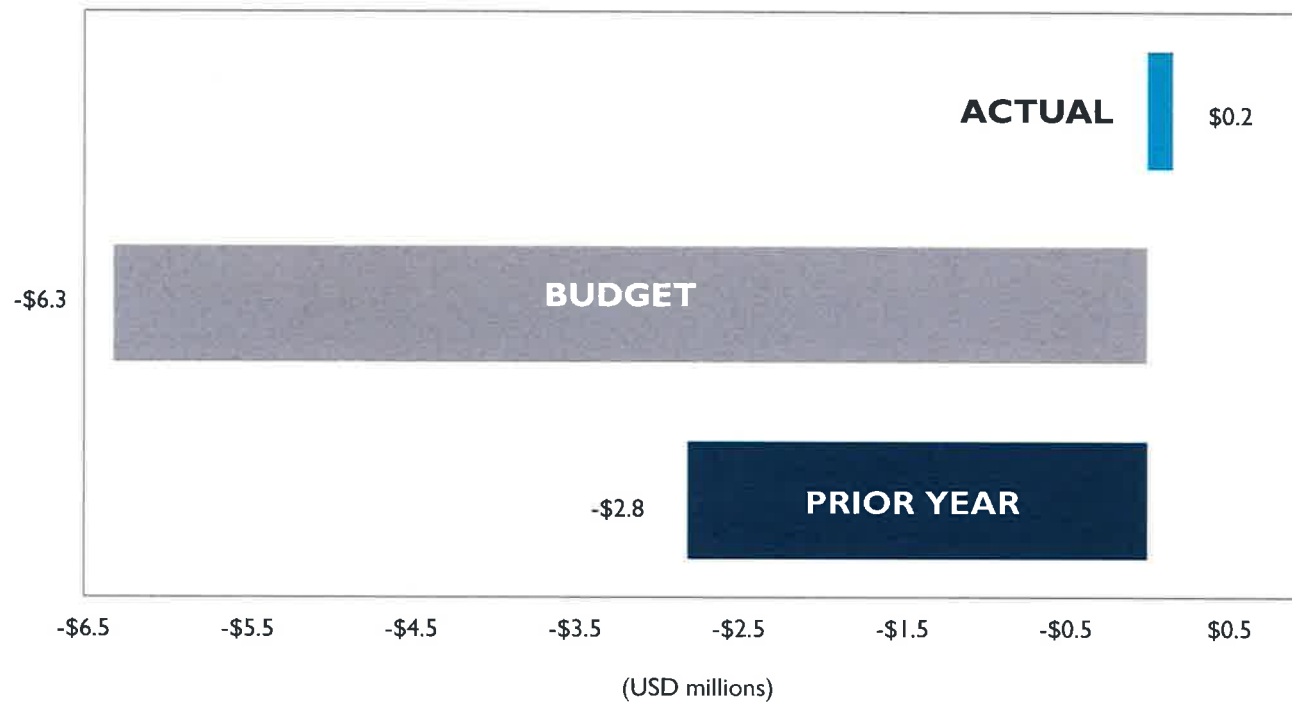
■ Operating Revenues
■ Operating Expenses



OPERATING INCOME (LOSS):

For the Three Months Ended September 30, 2019

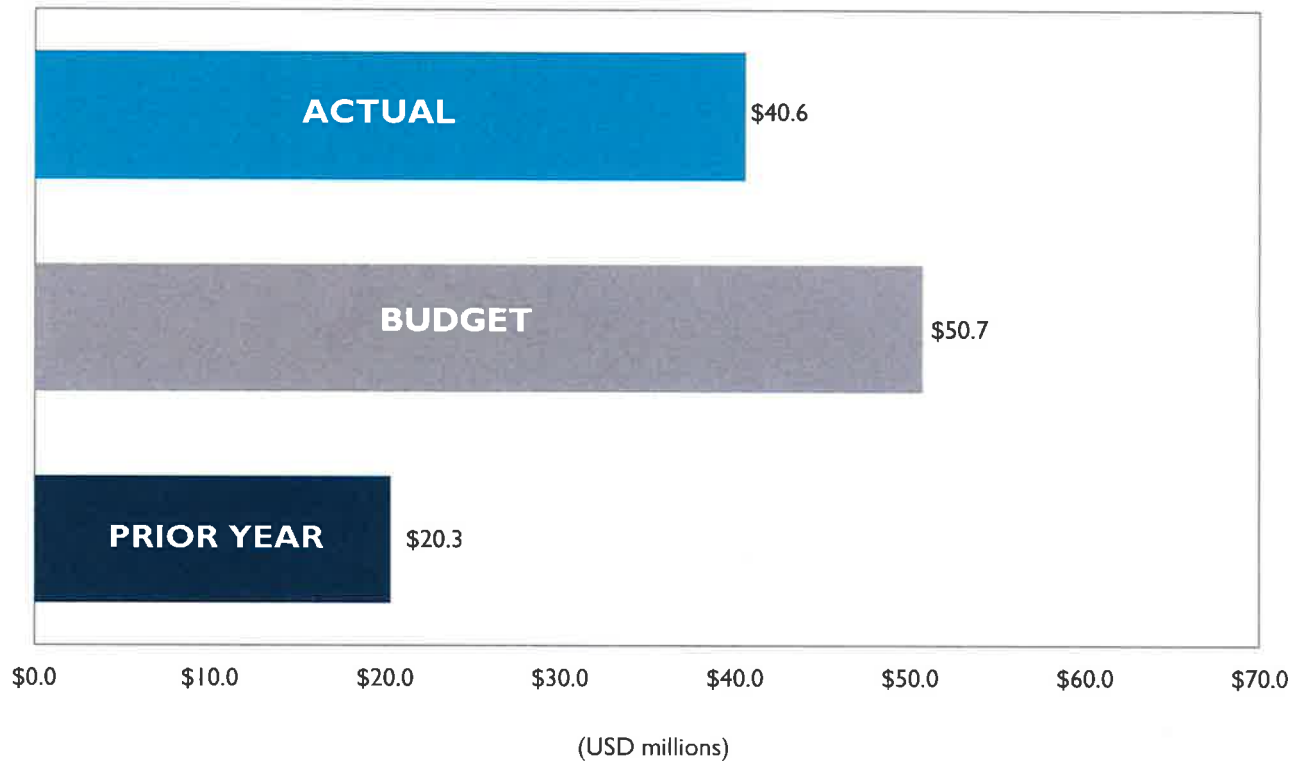
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

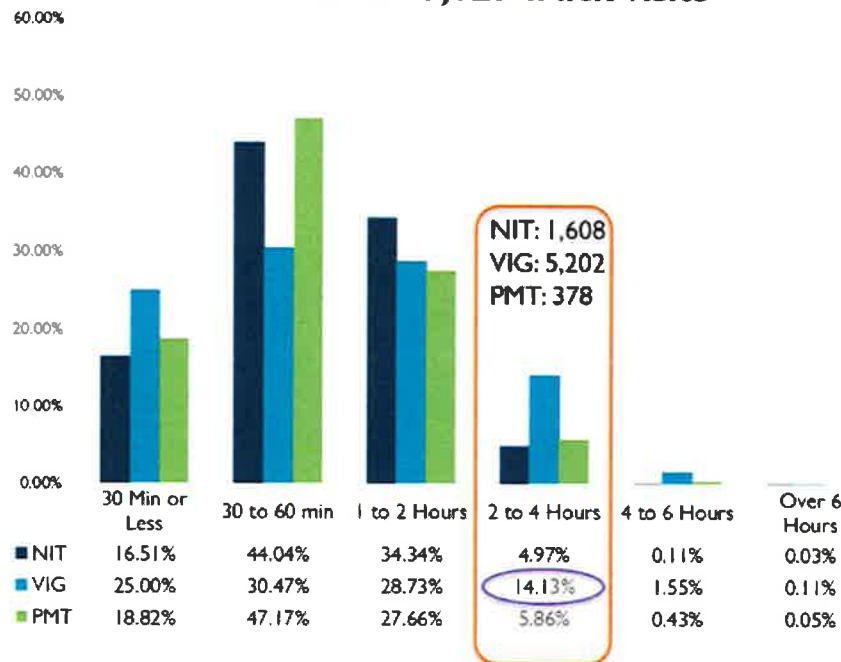
For the Three Months Ended September 30, 2019

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.

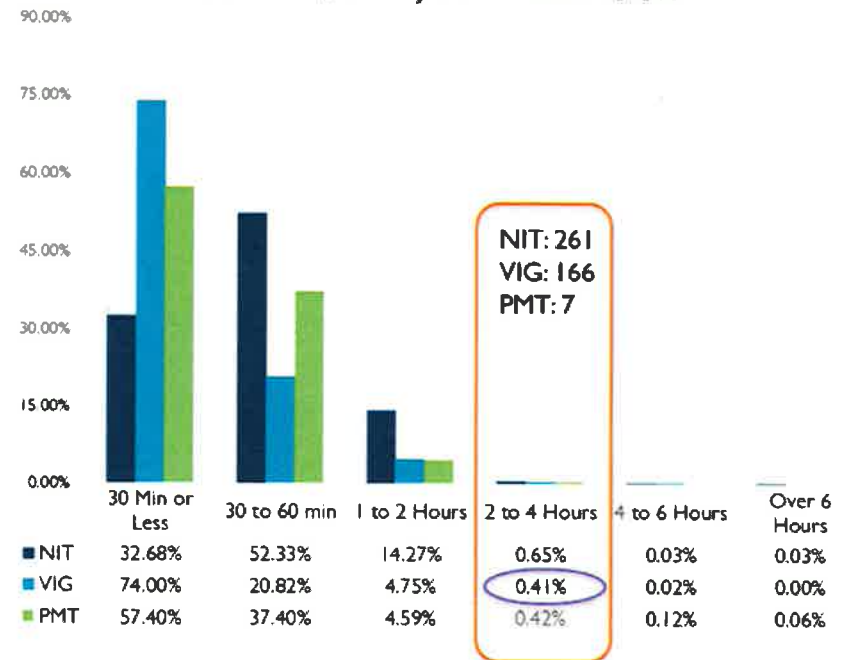


TRADITIONAL TURN TIME – OCT 2018 vs OCT 2019

Oct 2018: 75,625 truck visits



Oct 2019: 82,347 truck visits



POV FISCAL YEAR-TO-DATE: JULY – OCTOBER 2019

	FY 2018	FY 2019	Change	% Change
Total TEUs	1,003,392	1,031,626	28,234	2.8%
Export Loaded TEUs	315,530	316,727	1,197	0.4%
Export Empty TEUs	208,495	221,294	12,799	6.1%
Import Loaded TEUs	473,831	485,587	11,756	2.5%
Import Empty TEUs	5,537	8,019	2,482	44.8%
Total Containers	565,924	575,680	9,756	1.7%
General Cargo Tonnage	7,316,135	7,318,409	2,274	0.0%
Container Tonnage	7,255,528	7,263,526	7,997	0.1%
Breakbulk Tonnage	60,607	54,883	(5,723)	-9.4%
Total Rail Containers	193,945	185,094	(8,851)	-4.56%
VIP Containers	14,679	11,879	(2,800)	-19.1%
Total Barge Containers	18,487	21,899	3,412	18.5%
RMT Containers	11,716	14,355	2,639	22.5%
Total Truck Containers	353,492	368,687	15,195	4.3%
Ship Calls	561	521	(40)	-7.1%
Vehicle Units	7,381	5,649	(1,732)	-23.5%

TIMELINE

