

## **MINUTES**

### **ANNUAL MEETING - Board of Commissioners - Session 380**

Virginia Port Authority  
600 World Trade Center  
Norfolk, Virginia  
Tuesday, July 25, 2017

---

The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its annual meeting on July 25, 2017, 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  
John N. Pullen, Vice Chairman  
Jennifer D. Aument  
J. William Cofer  
Alan A. Diamonstein  
Gary T. McCollum  
Val S. McWhorter  
Stephen Moret  
Faith B. Power  
Kim Scheeler  
Deborah C. Waters  
F. Blair Wimbush

Commissioners Absent:

Manju S. Ganeriwala, State Treasurer

VPA Staff:

John F. Reinhart, CEO and Executive Director  
Rodney W. Oliver, Chief Financial Officer  
Cathie Vick, Chief Public Affairs Officer  
Joseph P. Ruddy, Chief Innovation Officer  
Russell Held, Vice President, Economic Development  
Matthew Barnes-Smith, Sr. Vice President, Administration Services & Compliance  
Jay Stecher, Vice President, Marketing & Communications  
Christopher "Kit" Chope, Vice President, Sustainability & Process Excellence  
Daniel Henderson, Director of Business Intelligence  
Joe Harris, Senior Director, Media Relations  
Russell Young, Director, Economic Development  
Anja Sparenberg, Director, Management Reporting & Analytics

VPA Staff (continued):

Carla Welsh, Director, Creative Services & Brand Management

Michele Dieges, Port Development Coordinator

Debra J. McNulty, Secretary to the Board

Jodie Asbell, Sr. Executive Assist. to Executive Director & Assist. Secretary to the Board

Virginia International Terminals, LLC (VIT) Staff:

Shawn Tibbetts, Chief Operations Officer

Joseph O'Brien, Vice President, Ocean Carrier Sales (NJ Office)

Guests:

The Hon. Aubrey L. Layne, Jr., Secretary of Transportation

Stephen Cobb, Office of the Attorney General

W. Brice Fiske, Office of the Attorney General

Kristy Choi, The PFM Group

Art Moye, Virginia Maritime Association (VMA)

David White, VMA

Bryant McGann, Vandeventer Black LLP

David Stalfort, ABS Group

Steve Bain, On Course Solutions, LLC

Media

Bob McCabe, *The Virginian-Pilot*

**Introductions**

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

**I. Election of Officers**

Report of the Nominating Committee and Election of Officers for the year July 1, 2017 through June 30, 2018.

Nominating Committee

Val. S. McWhorter, Chair

Faith B. Power

F. Blair Wimbush

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

Treasurer. The Board may also appoint from the staff an Assistant Secretary and an Assistant Treasurer.

Mr. McWhorter announced that officers for the year ending June 30, 2017 were:

Chairman	John G. Milliken
Vice Chairman	John N. Pullen
Treasurer	Rodney W. Oliver
Secretary	Debra J. McNulty
Assistant Secretary	Jodie L. Asbell

Mr. McWhorter reported that it was the unanimous consensus of the Nominating Committee to reappoint all of the current officers.

**Action:** Mr. McWhorter made a motion to nominate all current officers of the Board for reappointment. The motion was seconded by Mr. Diamonstein. The Board closed the floor for nominations and, by an affirmative vote (12-0), reappointed all Board officers for the fiscal year ending **June 30, 2018**.

## **II. Appointments to Standing Committees**

Chairman Milliken announced that Commissioners are welcome to contact him if they wish to change committee membership and that he would take it into consideration and announce any changes at the September 26<sup>th</sup> Board meeting.

## **III. Other Business**

There was no other business to report.

## **IV. Adjournment**

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

Respectfully submitted,

  
Debra J. McNulty  
Secretary to the Board

## **MINUTES**

### **MEETING - Board of Commissioners - Session 381**

Virginia Port Authority  
600 World Trade Center  
Norfolk, Virginia  
Tuesday, July 25, 2017

---

The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its regular meeting on July 25, 2017, immediately following the annual meeting, 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 9:05 a.m.

All attendees from the annual meeting, held previously, were in attendance (see list).

#### **I. Approval of Minutes**

**Action:** At the request of Chairman Milliken, the minutes of the special meeting held April 26, 2017 in Front Royal, and the regular meeting held May 23, 2017, were unanimously approved, as circulated.

#### **II. Reports of Committees**

##### **A. Executive Committee – John G. Milliken, Chairman**

- I. Consideration of Resolution 17-10, authorizing the Virginia Port Authority to transfer \$3.5 million in Craney bond funds to the U.S. Army Corps of Engineers to continue construction of the Craney Island Eastward Expansion

Chairman Milliken announced that Craney Island is the "ultimate expansion opportunity. He presented photos (attached) that depict current conditions at the dredge material site and renderings which show several stages of fill material forming dikes in preparation for the future Craney Island Marine Terminal. The Chairman presented Resolution 17-10, which authorizes a \$3.5 million transfer to the Army Corps of Engineers from 2011 Commonwealth Port Fund bond monies that had been held over. The Chairman further emphasized how critical it was for the Port to receive the approved 50/50 cost share funding from the Corps in order to complete Craney Island for future expansion. He also mentioned that the Corps would benefit by having the Craney Island expansion area to place dredge material for years to come until full build-out of the marine terminal.

Chairman Milliken asked for a motion at this time.

**Action:** Upon motion by Mr. Diamonstein, seconded by Mr. McCollum, the Board approved Resolution 17-10 (12-0), authorizing the Virginia Port Authority to transfer \$3.5 million in Craney bond funds to the U.S. Army Corps of Engineers to continue construction of the Craney Island Eastward Expansion.

Secretary Layne announced that one of the most important things for The Port of Virginia to do is to “control its own destiny” and he stated that the Craney Island expansion “is a message that we are here for the long-term and that we will control what is in the best interests for Virginians and The Port of Virginia”. The Secretary added that the Port’s commitment also sends a strong message that we have to widen and deepen the channel. He congratulated the Board on today’s action.

2. Consideration of Resolution 17-9, approving a Second Amendment to the Employment Agreement for the Executive Director of the Virginia Port Authority

Chairman Milliken reported that the Board has had discussions over the last several months regarding the future of the Port and retention of its leadership. The Chairman listed major projects that are in the works - the \$700 million expansion projects at VIG and NIT South, the I-564 connector; the deepening and widening of the channel; and ongoing work with the Corps of Engineers towards the expansion of Craney Island. The Chairman mentioned the partnership between POV and the Virginia Economic Development Partnership (VEDP) to market Virginia and its products around the world and the partnership with VMA and ILA “to make sure this port is the most effective, most efficient, and most welcoming port”.

The Chairman affirmed that the “key to each and every one of these elements is the quality of the people who make up the Port family and the steady hand that leads and guides this Authority”.

Chairman Milliken announced that Mr. Reinhart has agreed to extend his contract through February 2022, and he asked the Board to consider Resolution 17-9, to approve a second amendment to the Executive Director’s employment agreement. The Chairman explained that the amendment, as described in the resolution, includes the term extension to February 2022, updates car allowance, provides annual adjustments to base pay equal to what state employees receive, and creates a capital retention fund to encourage Mr. Reinhart to stay through to the end of his term.

Chairman Milliken asked Vice Chairman Pullen for a motion at this time. Vice Chairman Pullen

moved that the Board consider Resolution 17-9, approving a second amendment to the employment agreement for the Executive Director of The Port of Virginia.

At this time, Chairman Milliken opened the floor for comments and several Commissioners and Secretary Layne congratulated Mr. Reinhart on his leadership and on the accomplishments achieved by POV colleagues over the last several years.

**Action:** Upon motion by Vice Chairman Pullen, seconded by Mr. Diamonstein, the Board adopted Resolution 17-9 (12-0), approving a second amendment to the employment agreement for the Executive Director of The Port of Virginia.

Chairman Milliken then announced that Faith Power and Kim Scheeler became voting members of the Board (effective July 1) as a result of legislative changes to the Code of Virginia (ref. §62.1-129). Secretary Layne credited the Governor and legislature for the revisions. At this time, the Chairman presented Ms. Power and Mr. Scheeler with executed copies of Resolution 17-10 to commemorate the commissioners' first official vote on the Board.

**B. Finance and Audit Committee – Gary T. McCollum, Committee Vice Chair**

**I. Report of Finance and Audit Committee**

Mr. McCollum reported that the Finance and Audit Committee met in closed session yesterday and received presentations from the external auditors on FY17 planning, and from management on the fiscal year to date 2017 financial results through May, cash flow results, federal and state grant award activity, and an update on Administration and Compliance.

Mr. McCollum reported that the auditors from PB Mares gave a presentation on the reports to be issued, the audit planning process, roles and responsibilities, and logistics and timeline. He advised that the Committee also received an overview of roles and responsibilities and processes for grant strategy and the execution of grant requests. Management also discussed existing federal and state grants and open applications for grants.

He noted, with regards to Administration and Compliance, management provided an overview of changes in roles and responsibilities, division continuity, and key areas of focus.

Mr. McCollum announced that the Committee was pleased to hear of the strengthening liquidity position of the Port as a result of the positive operating results. He advised that the Committee requested that management draft a resolution for the September Board meeting to

authorize management to fill the Revenue Stabilization Fund to its authorized limit of \$40 million and address other routine cash transfers at management's discretion.

2. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the month ended May 31, 2017, and FY17 year-to-date (July-May)

Mr. Oliver presented the financial reports for the month of May and for the eleven months ended May 31, 2017 (FY17).

Mr. Oliver reported that revenue was slightly ahead of budget for the month of May resulting in operating income of \$154,000. He advised that operating expenses were up \$2.3 million from budget and up \$6.7 million from prior year. It was reminded by Mr. Oliver that December 2015 began with a \$5.5 million operating loss and that after six months of operational efficiencies, POV was profitable in 2016.

Mr. Oliver reported the change in net position was positive which includes a \$3.8M capital grant fund from VDOT in May 2016 that is driving a substantial part of the result from prior year.

Mr. Oliver reported that the first 11 months of FY17 was \$6.5 million ahead of budget expectations for operating revenue and \$33.2 million ahead of last year. Volume year-to-date was 7.2% ahead of prior year and 2.2% ahead of budget. Mr. Oliver stated that it was a very good year in volume and revenue and that operating expenses were below budget and slightly over for the same period last year.

Mr. Oliver announced that all of the major categories were below budget for the first 11 months, with the exception of depreciation expense, however, he explained that POV is closing out projects sooner than estimated and completing capital projects efficiently. The end result – POV operating income year-to-date (11 months) is \$9.8 million, substantially ahead of budget and substantially ahead of prior year.

Mr. Oliver reported that the change in net position, substantially ahead of budget, includes the TIGER grant for the NIT North project and \$84 million to date, from the Commonwealth's \$350 million investment, are driving the bottom line.

Secretary Layne emphasized the importance of capital spending and putting money back into the Port's infrastructure and equipment.

At the request of Mr. Reinhart, Mr. Oliver explained the revenue stabilization fund and the significance of the resolution that will be presented to the Board in September.

It was reminded by Mr. Oliver that in November 2016, VPA went out to the public bond market and rating agencies and issued debt to refinance all existing terminal revenue debt. He advised that the Revenue Stabilization Fund was estimated to increase to approximately \$31 million by 2019. He announced the fund is currently at \$29 million and the Board will consider a resolution in September that will bring the fund to \$40 million. Mr. Oliver announced that the Board's action will send a positive message to the bond market and rating agencies that The Port of Virginia's financial condition is strong.

Mr. Oliver reported that internal audits of VPA and VIT are going well. He presented a timeline of the FY17 year-end audit and CAFR (Comprehensive Annual Financial Report) timeline. He advised that the auditors will be back in November to address the Finance and Audit Committee and then the full Board in public session.

Secretary Layne mentioned the importance of transparency in having the auditors present publicly to the Board.

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

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

#### **1. Report of Growth and Operations Committee**

Mr. Diamonstein reported that the Growth and Operations Committee met in closed session yesterday and heard from Tom Capozzi, Chief Sales Officer, who provided an update on POV's confidential Strategic Growth Plan and provided a FY17 review of ocean carrier sales, break-bulk and roll-on/roll-off, cargo sales and inland port activities at Virginia Inland Port (VIP) and Richmond Marine Terminal (RMT). Mr. Diamonstein introduced Joe O'Brien, POV's Vice President, Ocean Carrier Sales, who presented for Tom Capozzi, Chief Sales Officer.

#### **2. Sales Report**

Mr. O'Brien reported total TEUs increased by 188,772 containers since last fiscal year and he announced that The Port of Virginia is the number one port for rail on the U.S. East Coast. Mr. O'Brien presented fiscal year statistics for the period July-June 2017 which are attached hereto.

With regard to the downturn in break-bulk tonnage, Mr. O'Brien explained that the sales team's strategy was to move away from tonnage-intensive cargo to higher paying cargo, for



example machinery. He mentioned that the sales team is continuing to look for opportunities to attract more vehicle cargo. Mr. O'Brien explained that ship calls are down but volume is up due to ship line alliances and bigger ships.

Mr. O'Brien announced that POV is the third port on the East Coast to receive ICE certification (International Coffee Exchange). He reported there are three certified warehouses to handle this business within a 25-mile radius of the Port and coffee volumes have increased by 24 percent.

Mr. O'Brien reported that steel is making a resurgence at Newport News Marine Terminal (NNMT) and the terminal handled its first steel coil account in 16 years. He mentioned that POV has applied for London Metal Exchange (LME) certification and could receive approval by October. Mr. O'Brien also talked about the Columbus Logistics Conference attended by over 400 beneficial cargo owners (BCOs) and he noted that Tom Capozzi served on a panel with the executive from Panama Canal. Mr. O'Brien also discussed Harrisburg rail connections.

The Port of Virginia was a sponsor for the Agricultural Transportation Coalition (AgTC) Conference held in Long Beach (June) and Mr. O'Brien mentioned that the executive director of the conference announced that POV is the place to handle agricultural business. He noted that POV handled \$2.7 billion worth of agricultural products last year.

Mr. O'Brien reported that he and Mr. Capozzi called on six ocean carriers during their visit to Asia in June, including OOCL and Yang-Ming. He advised that, during that time, the Ocean Alliance and The Alliance started planning for their 2018 service strings and they heard new developments with the larger ships. During the Asia trip, Mr. O'Brien reported the COSCO/OOCL announcement was coming out and also the Japanese carriers consolidated into an alliance - "One". Mr. O'Brien mentioned that their global headquarters is in Singapore and they recently announced that their North American headquarters will be based in Richmond.

Mr. O'Brien presented a list of the Ocean Alliance Loop 5 and announced that the CMA CGM John Adams (14,414 TEU vessel) will call The Port of Virginia in August. Mr. Reinhart advised that POV will publish a press release and a small ceremony will be planned with CMA CGM officials after the ship's arrival in New York.

Secretary Layne talked about generating jobs in Virginia with the arrival of the mega-ships and additional capacity at the marine terminals. The Secretary commended the POV team and the commitment of the Board.

### 3. Safety/Operations Report

Mr. Diamonstein announced that the Growth and Operations committee heard from Shawn Tibbetts, Chief Operations Officer, who provided an updated safety report for the fiscal year-to-date. He advised that Mr. Tibbetts updated the Committee on current events in the operations division that included empty evacuations; stevedoring; drayage savings; equipment refurbishments; the NIT North Gate opening, new business at NNMT, and rail volume increases. Mr. Diamonstein reported that Mr. Tibbetts reviewed service level updates at all of our facilities that included rail traffic and gate productivity. He turned the meeting over to Mr. Tibbetts at this time.

Mr. Tibbetts reported the fiscal year-to-date rate for Lost Work Days (LWD) was 2.33 LWDs per 200,000 employee hours, compared with the industry average of 3.4. He announced that operations received good feedback on the safety recognition programs from internal colleagues and the trucking community.

Mr. Tibbetts reviewed POV rail vs. gate/barge volumes and advised that 36.3% of the port's business either arrived or departed via rail with heavy rail volumes at VIG and NIT. He also explained rail dwell times at both terminals showed marked improvement. Mr. Tibbetts remarked that volumes continue to grow because of POV's efficiencies and rail services.

Mr. Tibbetts described how NIT gate turn-times, both traditional and expanded, have improved since the opening of the automated NIT North Gate. He reported that POV is continuing to find ways to drive performance improvements with the 3:00 a.m. to 7:00 p.m. gate openings. Mr. Tibbetts also mentioned that the expanded hours of operation helps alleviate Hampton Roads traffic during rush hours and that POV has received good feedback from motor carriers.

Mr. Tibbetts reviewed volumes at the PMT gate, which is the "outlet terminal" during the construction phase at VIG and NIT. He concluded his presentation with a report on net crane moves per hour.

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

Mr. Diamonstein reported that Growth and Operations also received reports from Joe Ruddy, Chief Innovation Officer, on confidential findings from the June 27<sup>th</sup> "Petya" ransomware attack and POV's efforts to stay abreast of cyber security challenges. Mr. Diamonstein reported that the Committee also heard from Rich Ceci, Senior Vice President of Technology and Projects, who provided an in-depth review of major port projects that included the new North Gate, RFID replacement project, truck reservation system, N4 conversion, and progress to-date on both the South NIT optimization project and VIG II expansion. Mr. Diamonstein mentioned

that the Committee also reviewed a resolution for the purchase of four ship-to-shore cranes for VIG. He turned the meeting over to Mr. Ruddy at this time.

Mr. Ruddy provided a briefing on the cyber-attack “Petya” that occurred on June 27, 2017. He reported that the POV Cyber Security Committee met on June 28<sup>th</sup> and enacted measures to enhance security while allowing for normal business practices.

Mr. Ruddy announced that POV will participate in a cyber security event with various state agencies including the Virginia Department of Emergency Services (VDEM) on July 28<sup>th</sup>.

Mr. Ruddy reported that POV’s IT division continues to educate colleagues on safe email/internet use and he also mentioned that there is a team aside from the cyber committee who are working on ways to recover from an attack. Mr. McCollum commended the team for their work.

Mr. Ruddy reviewed the Project Status report and he recognized Mr. Ceci’s team for their work in coordinating \$750 million in projects.

Mr. Ruddy presented a photo of the automatic stacking cranes (ASCs) that are being erected in Poland. He announced that the cranes are due to arrive POV by February 2018; will go into service in April 2018; and that six stacks are expected to be online at VIG in early May 2018.

He reviewed work-in-progress at the VIG stack yard, showing infrastructure and rails for the ASCs, the wharf extension, and rail yard.

Mr. Ruddy reported results of the NIT North Gate opening June 26<sup>th</sup> showing before and after photos of the construction site. He described the importance of the reservation system and RFID tags. At this time, Mr. Ruddy presented a video of the 26-lane NIT North Gate opening.

Mr. Ruddy reported the following:

- South NIT – Bid packages were accepted 7/24 and will be reviewed by the Project Team.
- N4 Conversion – NIT launched on time on July 14<sup>th</sup> with no operational downtime and on July 21, both PMT and RMT went live on the N4 system.

It was reminded by Mr. Ruddy that on June 2014, POV upgraded completely to the N4 platform which is the terminal operating system and that the N4 conversation is an upgraded version. He explained that this technology will allow POV to use ASCs at NIT, similar to what is at VIG.

Mr. Reinhart announced that he was proud of the team for rolling out the N4 conversions “seamlessly” and he talked about how critical it was to modernize all of our facilities. Ms. Aument asked Mr. Reinhart to extend the Board’s appreciation to the team.

- Truck Reservation System/ProPass – Team continues to bring various elements of this project online and they are conducting meetings with the motor carrier community to expand registration of RFIDs.

Ms. Aument suggested including safety metrics of contractors and vendors on the project status report. Mr. Ruddy advised those metrics are also being tracked by the team and that he would include that information in his report.

Mr. Ruddy concluded with a review of the timeline for expansion projects/equipment deliveries at NIT and VIG.

At this time, Mr. Diamonstein presented Resolution 17-11 for discussion. Chairman Milliken explained that the resolution would authorize the Executive Director to enter into a contract with ZPMC for four ship-to-shore cranes at VIG with an option to purchase two for NIT South.

**Action:** Upon motion by Mr. Diamonstein, seconded by Mr. McCollum, the Board adopted Resolution 17-11 (12-0), authorizing the Virginia Port Authority to enter into a contract for the acquisition of four ship-to-shore cranes for Virginia International Gateway with an option for the future purchase of two ship-to-shore cranes for Norfolk International Terminals and related equipment and systems.

Ms. Waters described her experience viewing the stacks of containers on the COSCO vessel when it was in port at VIG in May and she affirmed her support for the resolution. Mr. Tibbetts explained “10 up/10 down” with regard to container stacking on the mega-vessels to emphasize the need for the largest ship-to-shore cranes.

Mr. Reinhart said it was important to note that ZPMC was rated highly by all of our engineers and recommended by the Project Team and that we are buying them at a competitive price of \$44.8 million with an option for additional cranes for NIT, as described in the resolution. He mentioned there will be on-site quality control in China to make sure the cranes meet every standard.

#### **IV. Report by Chief Human Resources Officer – James Bibbs**

Mr. Bibbs announced that the POV Colleague Engagement Survey resulted in a 97.4% completion rate (97% last year). He reported, based on the following results which are all increases from the prior year, that colleagues want accountability:

- My immediate supervisor creates an atmosphere of openness and trust – 39%
- Colleagues in my team are held accountable for results – 23%
- My immediate supervisor involves me in solving problems related to our team – 13%
- My team balances our workload effectively – 13%
- My job makes good use of my skills and abilities – 5%

Mr. Bibbs reported that all POV entities were united into one human resource information system (HRIS) and payroll system and the port also expanded the time-clock system for maintenance colleagues, resulting in cost savings.

Mr. Bibbs announced that the 2017 Summer Internship Program included 12 interns from nine different colleges and universities. He provided the Board with an information packet that highlights each of the interns.

Mr. Bibbs mentioned that POV launched its chapter of Toastmasters International in February. He reviewed recruitment and training metrics and the college reimbursement program.

He reported that POV Records Management is ongoing and that a director has been assigned to the project. Mr. Bibbs also described the newly implemented HRIS analytics system on ADP.

Mr. Bibbs described the following initiatives under Talent Acquisition:

- Crane Maintenance On-the-Job Program
- Port Tour Program
- Outreach Ambassador Program
- Standardized Interview Process

Mr. Bibbs announced POV's Leadership Development Programs that focus on succession planning, which include:

- Aspiring Leader Development Program (ALDP)
- Front-line Development Program (FLDP)
- Executive Development Program (EDP)
- Mid-Level Development Program (MLDP)

Mr. Bibbs announced that POV has been working since March on the upcoming launch of POV's new Learning Management System (LMS) for training, which will be under a new vendor.

Mr. Reinhart spoke of POV's efforts to develop a succession plan throughout the organization and developing the talent needed for tomorrow. He commended Mr. Bibbs and his team, and mentioned the addition of the Organizational Development manager, Mr. Ron Toran. Ms. Power remarked, "...what really drives the financials are the people".

**V. Report by Chief Public Affairs Officer – Cathie Vick**

Ms. Vick thanked the Board for the resolution to transfer funds to the Army Corps to keep the Craney Island project going forward. She mentioned the recent opening of the NIT North Gate that was partially funded by the TIGER grant.

Ms. Vick reported that the Corps is completing the General Reevaluation Reports (GRRs) on the 55-foot and 45-foot deepenings and that the Tentatively Selected Plan (TSP) is due to be released August 25. Ms. Vick advised that Mr. Reinhart and POV colleagues will be meeting with headquarters in D.C. She thanked Commissioner Cofer for his support.

Ms. Vick announced that Mr. Reinhart met with the Acting Assistant Secretary of the Army to discuss progress/importance of the GRR and the Craney Island project. She advised POV is actively working with the Congressional Delegation on budget requests relating to federal projects.

Ms. Vick announced that POV is also coordinating a customer fly-in for November to bring port customers together to meet with the Congressional Delegation.

She presented a summary of economic development statistics for 2016 and 2017 to-date and a map demonstrating how Virginia generates returns from investing in its port. Mr. Wimbush asked if POV colleagues conducted listening sessions throughout the state for discussions such as dredging and infrastructure needs. Ms. Vick described POV's speakers' bureau that was formed to address various business communities and economic development organizations. She also mentioned POV's collaboration with VEDP – Mr. Reinhart is on their board, she serves on the Strategic Planning committee, and Mr. Pullen joined the Board of International Trade. Ms. Vick also noted that POV has a full-time economic development colleague who will work out of VEDP's Richmond office.

Ms. Vick described POV's legislative quarterly updates and postcards announcing economic development news that are sent to Senators and Delegates of that region. She reported, since the last meeting, there were five new economic development announcements, representing \$154.4M in investment; 551 new jobs; and over 300,000 square feet of new space.

She presented a list of port customers who are eligible to receive Infrastructure Development Grants and advised that checks would be presented in person with legislators from each district invited to attend.

POV hosted the LogixtX games at Pannetoni's new warehouse with 11 teams raising over \$88,000 in workforce development program for the Paul D. Camp Community College.

Ms. Vick reported messaging statistics and announced that POV received 10 communication awards from the American Association of Port Authorities (AAPA). Awards of Distinction for the NIT South Yard animation video, momentum ad campaign, annual report, National Truckers' Day appreciation week efforts, POV's momentum builders video and the Sustainability Report. Awards of Merit for the VIG lease-signing event, Channel Markers (bi-weekly compilation of industry news articles), Open Channels (POV's internal news publication), and the online warehouse guide.

Ms. Vick announced several initiatives by POV's Maritime Incident Response Team (MIRT) & Emergency Operations colleagues:

- Assisted with response/planning of the jet fuel spill at NAS Oceana
- Coordinated with IT on information flow to federal and state agencies in reference to the recent cyber event
- Planning team member for the FEMA-lead program - Joint Counterterrorism Awareness Workshop Series. POV received special distinction for FEMA's urban area security initiatives which could lead to additional grants for the port.

Chairman Milliken talked about the need to educate regions of the Commonwealth outside of the Hampton Roads/Richmond area about the Port and its economic impact. The Chairman mentioned that he and Mr. Reinhart presented at the Northern Virginia Chamber, which is chaired by Ms. Aument, and also mentioned their meetings with the editorial boards of several newspapers.

Ms. Vick added that POV, with the help of VMA officials and also Commissioner Cofer, regularly host legislative representatives who visit the port. She announced that the Appropriations Committee will be holding their meeting at POV this November.

In reply to Mr. McCollum's inquiry on earned media, Ms. Vick and Mr. Reinhart described the benefits of POV's new data analytic tool that tracks metrics on earned media so that POV can target where the gaps are in its communications strategy.

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

In closing, Mr. Reinhart thanked the Board, Secretary, colleagues and guests and remarked on the following:

- We set out on our journey to reinvent and rebuild The Port of Virginia guided by our values. We said we would be Stewards of Tomorrow. Together we have lived the values and delivered.
- We are building momentum across all areas of the Port.
  - 4th year of record volume 4.91% CAGR
  - Record Revenue 7.30%
  - 3rd year with positive operating income
  - Increasing economic development and jobs
  - Growing services & ultra-large vessel arrivals
  - Building terminal capacity with prudent capital investment – 1 million container increase by 2020
  - Executing current business with improved service reliability and safety
  - Advancing the 55' deeper, wider, safer initiative
  - Developing our people, processes, products for the future
  - Strengthened our brand and competitive position
- We have to be mindful of the challenges as we build for the future. Innovate and build sustainability in our facilities, team and manage the evolution responsibly. There are obstacles and headwinds but together we will navigate through them as we build the capacity
- Speed, metrics, execution, safety, customer focus

**VII. Unfinished Business**

There was no unfinished business to report.


**VIII. New Business**

There was no new business to report at this time.

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

There being no further business and no public comments, the meeting adjourned at 11:11 a.m.

Respectfully submitted,



Debra J. McNulty

Secretary to the Board



## RESOLUTION 17-9

### A RESOLUTION APPROVING A SECOND AMENDMENT TO THE EMPLOYMENT AGREEMENT FOR THE EXECUTIVE DIRECTOR OF THE VIRGINIA PORT AUTHORITY

**WHEREAS**, §62.1-129 of the Code of Virginia of 1950, as amended (the "Code"), states that the Virginia Port Authority Executive Director's compensation shall be fixed by the Virginia Port Authority Board of Commissioners in accordance with law; and

**WHEREAS**, §62.1-129 of the Code further states that the compensation shall be established at a level which will enable the Virginia Port Authority to attract and retain a capable Executive Director; and

**WHEREAS**, the Board and the Executive Director, with approval of the Governor, executed an Employment Agreement (the "Agreement") on October 31, 2013, which Agreement was amended by a First Amendment dated January 27, 2015, duly executed by the Board and the Executive Director, with the approval of the Governor; and

**WHEREAS**, the Board and the Executive Director desire to effect a Second Amendment to amend the "Compensation" provisions contained within the Agreement to extend the Executive Director's term of employment from February 10, 2019 to February 10, 2022.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Commissioners of the Virginia Port Authority hereby approves a Second Amendment to the Executive Director's Employment Agreement.

**NOW, THEREFORE BE IT FURTHER RESOLVED**, that 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 Virginia Port Authority maintained according to Section 3.11 of the Authority's Bylaws.

**PASSED AND ADOPTED** this 25<sup>th</sup> day of July, 2017.



John G. Milliken  
Chairman

Attest:

  
Debra J. McNulty  
Secretary to the Board

## Resolution 17-10

### **RESOLUTION AUTHORIZING THE VIRGINIA PORT AUTHORITY TO TRANSFER UP TO \$3.5 MILLION IN COMMONWEALTH PORT FUND REVENUE BOND PROCEEDS TO THE U.S. ARMY CORPS OF ENGINEERS TO CONTINUE CONSTRUCTION OF THE CRANEY ISLAND EASTWARD EXPANSION**

The Virginia Port Authority's Bylaws (Revised November 15, 2016), Section 3.4.1 ("Powers and Duties"), requires approval by the Board of Commissioners of all contracts for procurement more than \$2,500,000.

The Craney Island Eastward Expansion project (the "Project") is cost shared with the U.S. Army Corps of Engineers, and the Federal government appropriated funds in Fiscal Year 2010 to initiate construction.

The Virginia Port Authority (the "Authority") and the U.S. Army Corps of Engineers, Norfolk District (the "Norfolk District") signed a Project Cooperation Agreement dated June 5, 2012 that sets forth the cost share responsibilities for construction of the Project, and permits each organization to construct any element using its own appropriations and to cost share any of the construction elements.

The Authority has previously issued its Commonwealth Port Fund Revenue Bonds, certain proceeds of which have been allocated to pay costs of the Project.

The Norfolk District is planning to issue an invitation for bids in July 2017 to begin dredging the main dike of the Project and has provided an opportunity for the Authority to participate in the cost sharing for this portion of the Project. The Norfolk District has requested the Authority to provide its share of the funds for the dredging prior to issuing the invitation for bids.

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

Section 1. Authorization of Funds Transfer. The Board approves the Authority's cost participation with the Norfolk District for the dredging portion of the Project and authorizes the Executive Director to wire an amount not to exceed three million, five hundred thousand dollars (\$3,500,000) to the Norfolk District from proceeds of the Commonwealth Port Fund Revenue Bonds.

Section 2. Ratification; Further Action. All actions previously taken by the Commissioners, officers, and staff of the Authority in furtherance of the funds transfer 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 funds transfer.

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 25<sup>th</sup> day of July, 2017.

  
\_\_\_\_\_  
John G. Milliken  
Chairman

Attest:

  
\_\_\_\_\_  
Debra J. McNulty  
Secretary to the Board

## **RESOLUTION 17-11**

### **RESOLUTION AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO A CONTRACT FOR THE ACQUISITION OF FOUR (4) SHIP-TO-SHORE CRANES FOR VIRGINIA INTERNATIONAL GATEWAY (VIG) WITH AN OPTION FOR THE FUTURE PURCHASE OF TWO (2) SHIP-TO-SHORE CRANES FOR NORFOLK INTERNATIONAL TERMINALS (NIT), AND RELATED EQUIPMENT AND SYSTEMS**

#### **RECITALS:**

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

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

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

In furtherance of this duty, the Authority intends to make significant capital improvements to Norfolk International Terminals ("NIT") and Virginia International Gateway ("VIG"). These improvements include the purchase of Four (4) Ship-to-Shore Cranes and associated spare parts for VIG (the "VIG SHIP-TO-SHORE CRANES") to support terminal operations upon implementation of the ongoing VIG Phase II expansion project.

The VIG SHIP-TO-SHORE CRANES will be owned by Virginia International Gateway, Inc. The purchase of the VIG SHIP-TO-SHORE CRANES was approved by the Project Governance Committee as part of the VIG Phase II expansion project, pursuant to the Amended and Restated Deed of Facilities Lease Agreement between the Authority and Virginia International Gateway, Inc. dated as of September 21, 2016, and the associated Construction Authority Agreement, the forms of which were approved by the Authority pursuant to its Resolution 16-8.

Pursuant to its Procurement Manual and the Construction Authority Agreement referenced above, the Authority issued a Request for Proposals ("RFP") for the VIG SHIP-TO-SHORE CRANES, an option for the future purchase of two (2) Ship-to-Shore Cranes at NIT (the "NIT CRANES"), and related equipment and systems. Upon evaluation of the proposals submitted in response to the RFP, it was determined that the proposal by Shanghai Zhenhua Heavy Industries Co. Ltd. ("ZPMC") represented the best value to the VPA according to the

criteria in the RFP. Subject to negotiation of final contract terms, the Authority intends to award a contract to ZPMC for the procurement of the VIG SHIP-TO-SHORE CRANES with an option for the purchase of the NIT CRANES. The contract for the VIG SHIP-TO-SHORE CRANES shall provide for them to be delivered and installed for a price up to U.S. \$44,800,000.00. The option for purchase of the NIT CRANES will require an expenditure of up to U.S. \$22,400,000.

The Board has determined that it is necessary and appropriate to delegate to the Executive Director the authority to negotiate and approve the terms of the contracts for the procurement of the VIG SHIP-TO-SHORE CRANES from ZPMC (hereinafter the "ZPMC Contract") consistent with the foregoing Recitals. In addition, should the Authority decide to exercise the option for the NIT CRANES, the Board approves the same delegation to the Executive Director of the authority to negotiate and approve the terms of the contracts for the NIT CRANES' procurement.

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

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

Section 2. Ratification; Further Action. All actions previously taken by the Commissioners, officers, and staff of the Authority in furtherance of the ZPMC 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 ZPMC Contract and the transactions described therein if and when they are approved and executed.

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.

[Signatures on following page.]

**[SIGNATURE PAGE TO VIRGINIA PORT AUTHORITY RESOLUTION # 17-11]**

PASSED AND ADOPTED this 25<sup>th</sup> day of July, 2017.

A handwritten signature in black ink, appearing to read "John G. Milliken", written over a horizontal line.

John G. Milliken  
Chairman

ATTEST:

A handwritten signature in black ink, appearing to read "Debra J. McNulty", written over a horizontal line.

Debra J. McNulty  
Secretary to the Board

# Current Conditions (March 2017)

- Last 12-months
  - Additional sand fill, completed March 2017



# Rendering – Cross Dikes

- Next 12-months
  - Stage2A CO – Place additional sand fill to compensate for ongoing planned settlement, VPA contract
  - Stage 2B – Install Prefabricated Vertical Drains along dikes, VPA contract





# Rendering Main Dike Pre-Dredge

- Initial debris clearing and pre-dredge, planned FY2018
  - VPA contributing to USACE
  - USACE contract



# Rendering Southeast Cell Closed

- Approx. \$320M effort remaining to complete dikes at SE Cell



# Rendering - Filling and Ground Improvement

- SE Cell Fill & Ground Improvement  
(consolidating fill and foundation ) \$400M





## May 2017 Financial Report

Rodney W. Oliver  
Chief Financial Officer



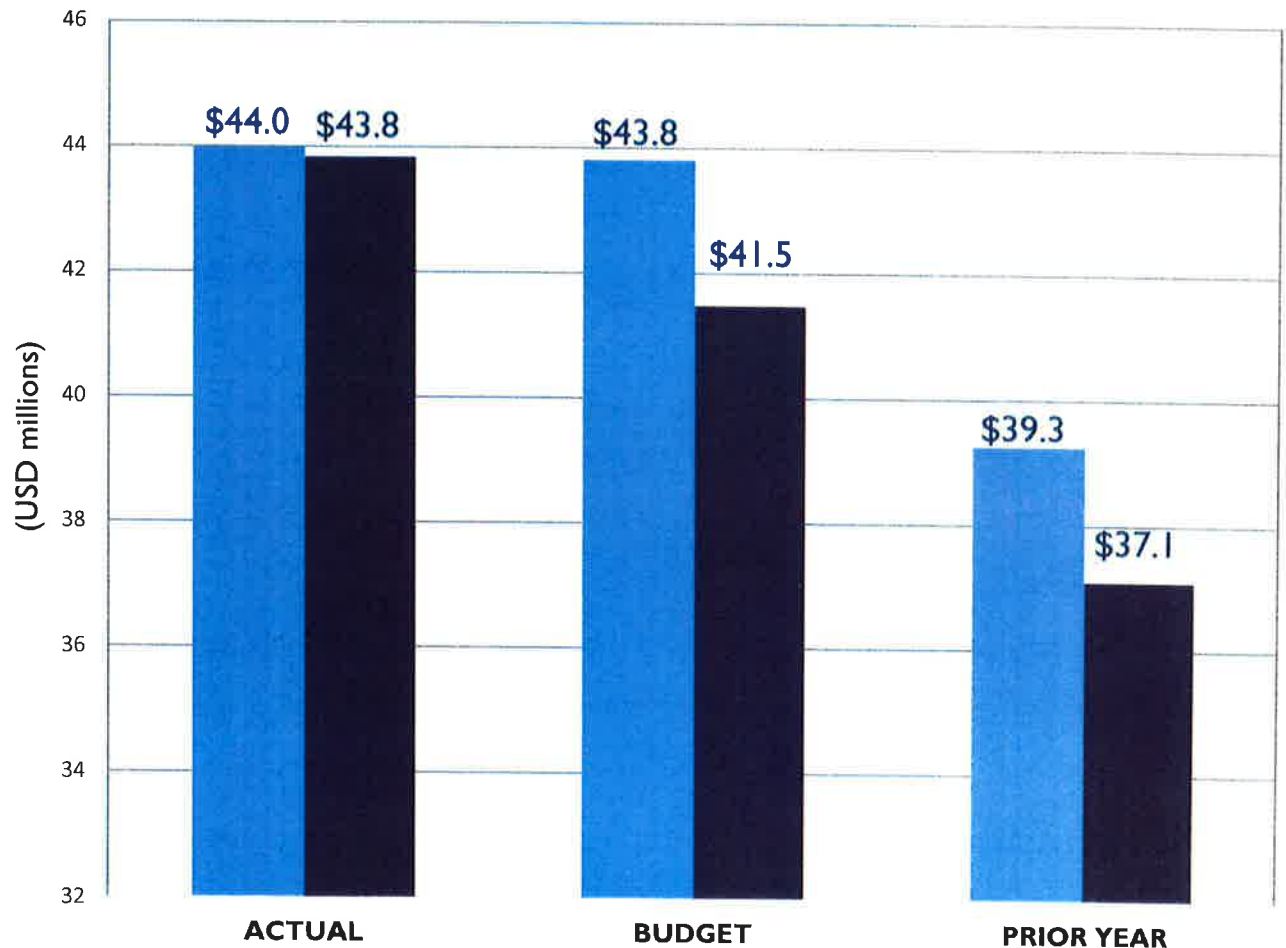
# OPERATING REVENUES AND EXPENSES:

## For the Month Ended May 31, 2017

Revenues favorable to Budget and Prior Year; Expenses unfavorable to Budget and Prior Year

NOTE: For purposes of comparability the effects of accounting for the amended lease and debt defeasance have been excluded from Actual

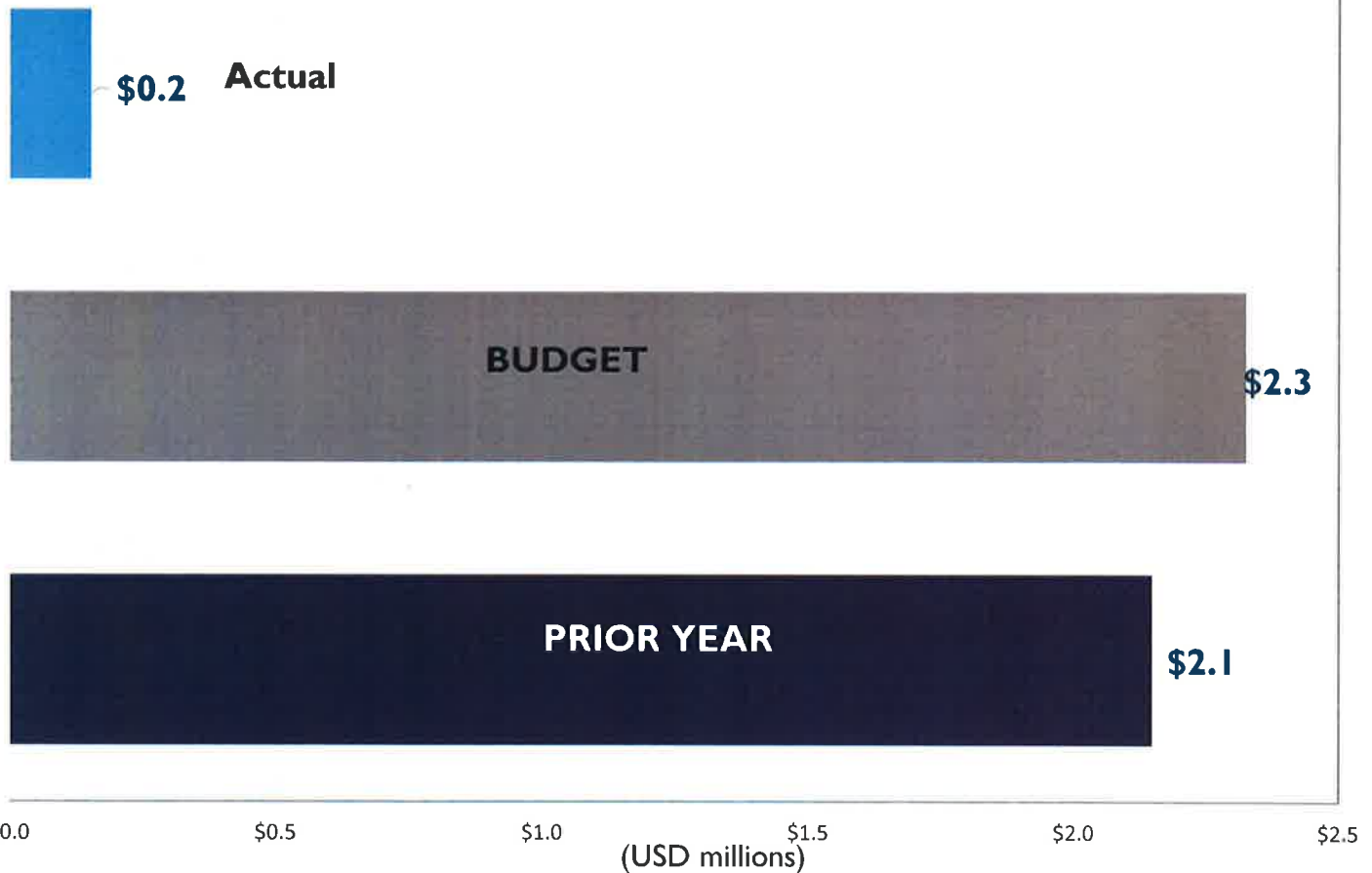
- Operating Revenues
- Operating Expenses



# OPERATING INCOME (LOSS):

## For the Month Ended May 31, 2017

**Unfavorable  
variances to  
Budget and  
Prior Year**



**NOTE:** For purposes of comparability the effects of accounting for the amended lease and debt defeasance have been excluded from Actual

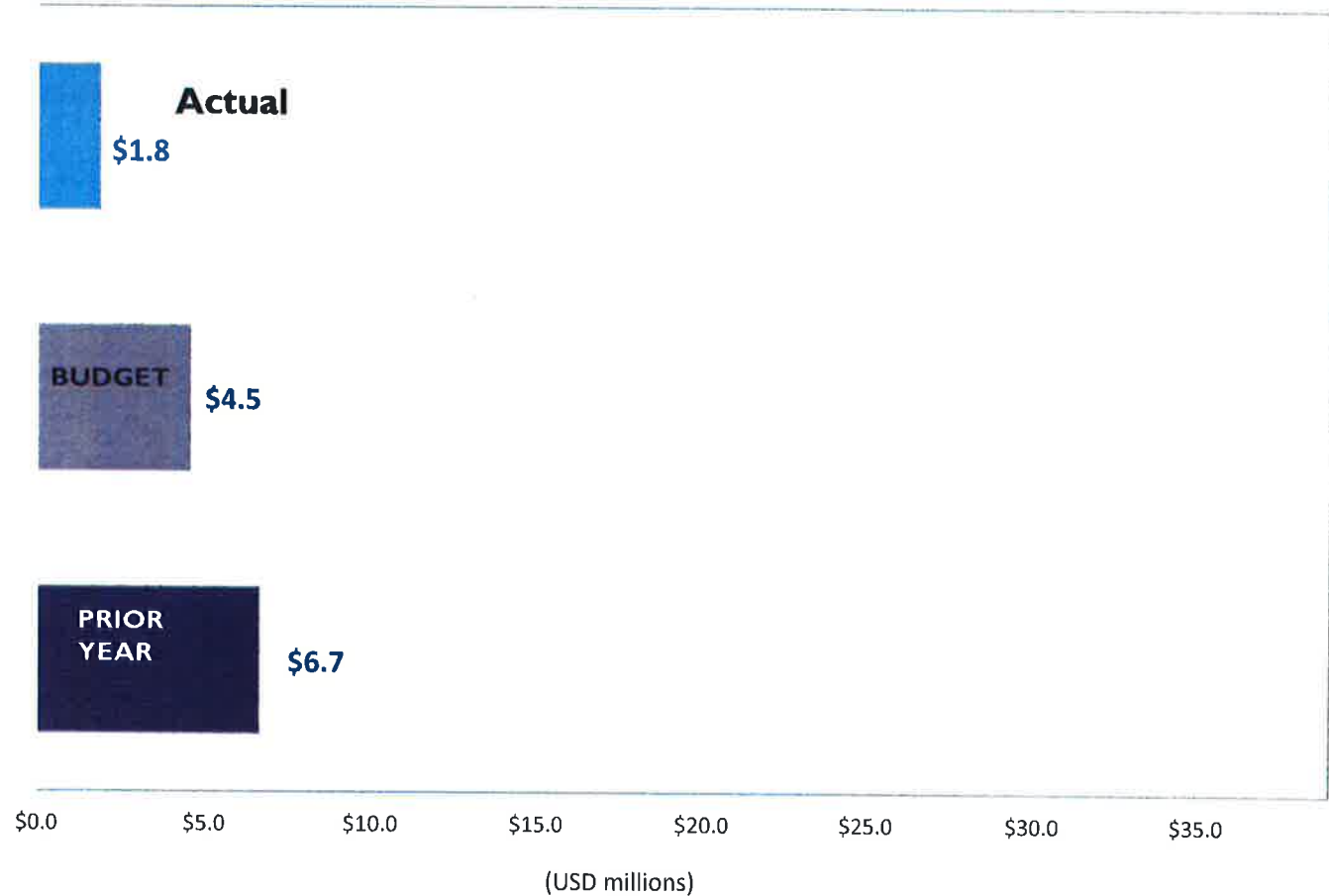


# CHANGE IN NET POSITION:

## For the Month Ended May 31, 2017

Unfavorable to  
Budget and  
Prior Year

**NOTE:** For  
purposes of  
comparability  
the effects of  
accounting for  
the amended  
lease and debt  
defeasance have  
been excluded  
from Actual



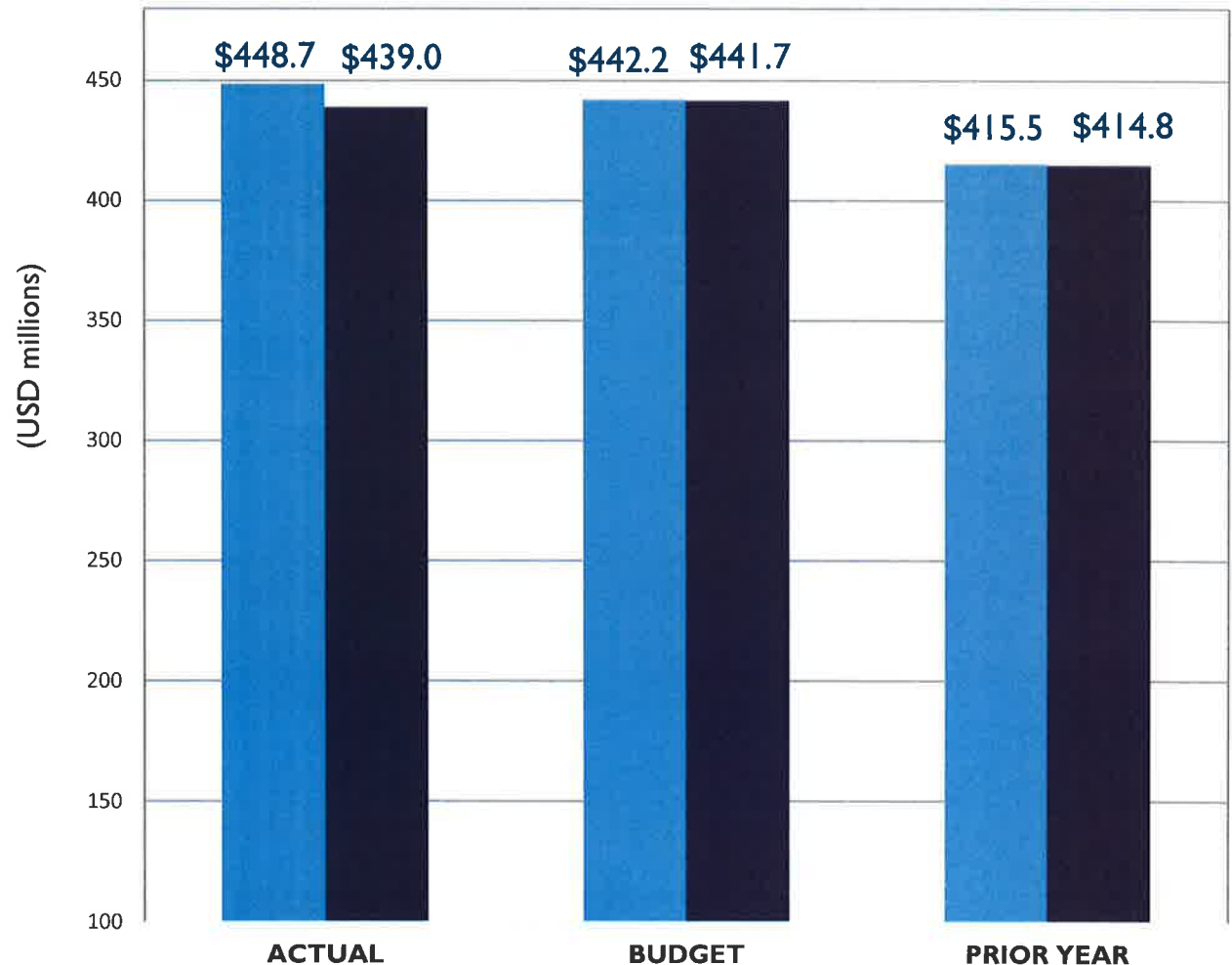
# OPERATING REVENUES AND EXPENSES:

## For the Eleven Months Ended May 31, 2017

Revenues favorable  
to Budget and  
Prior Year;  
Expenses favorable  
to Budget but  
unfavorable to  
Prior Year

**NOTE:** For purposes of comparability the effects of accounting for the amended lease and debt defeasance have been excluded from Actual

- Operating Revenues
- Operating Expenses

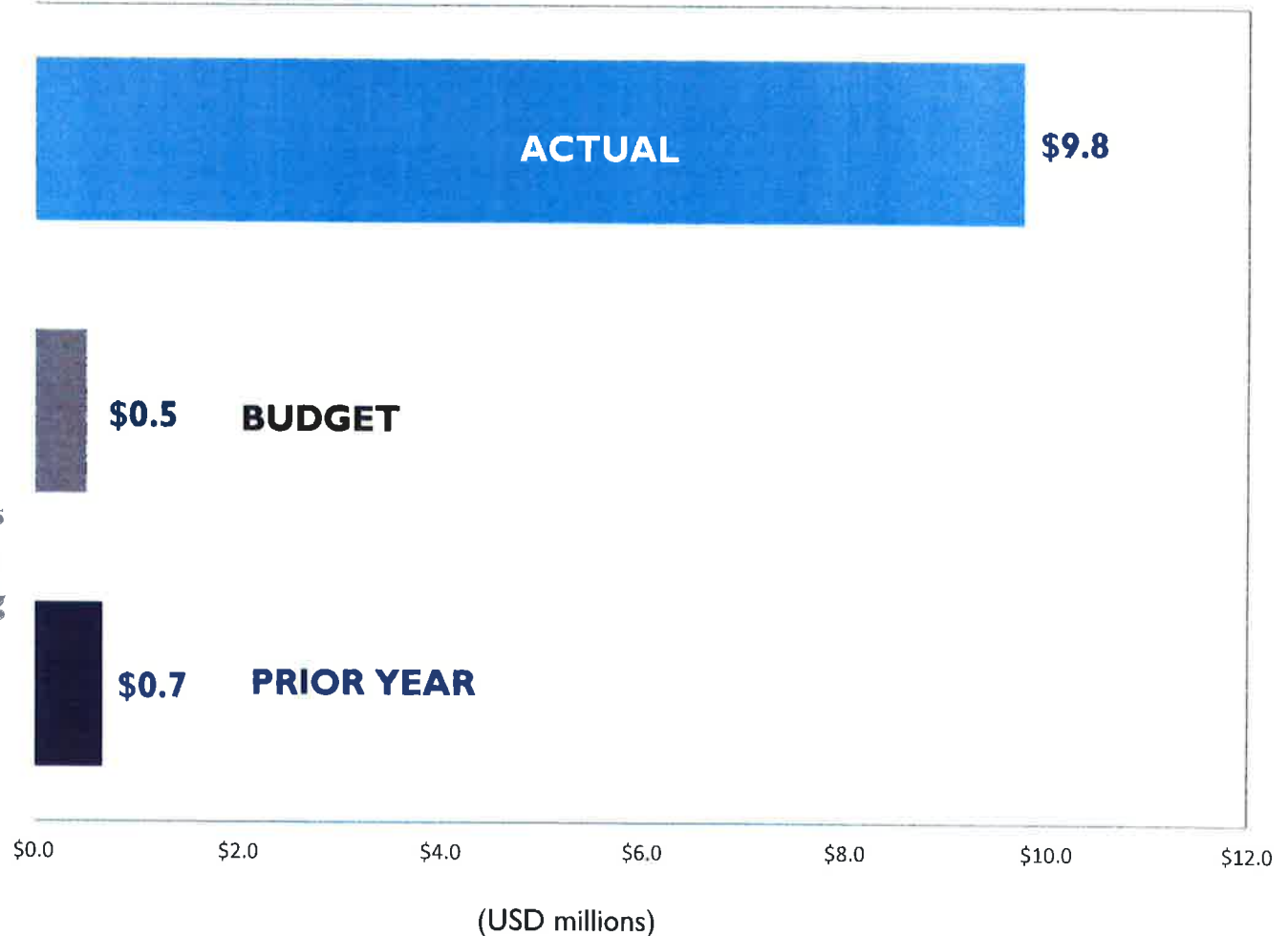




# OPERATING INCOME(LOSS):

## For the Eleven Months Ended May 31, 2017

Positive  
Operating  
Income with  
favorable  
variances to  
Budget and  
Prior Year



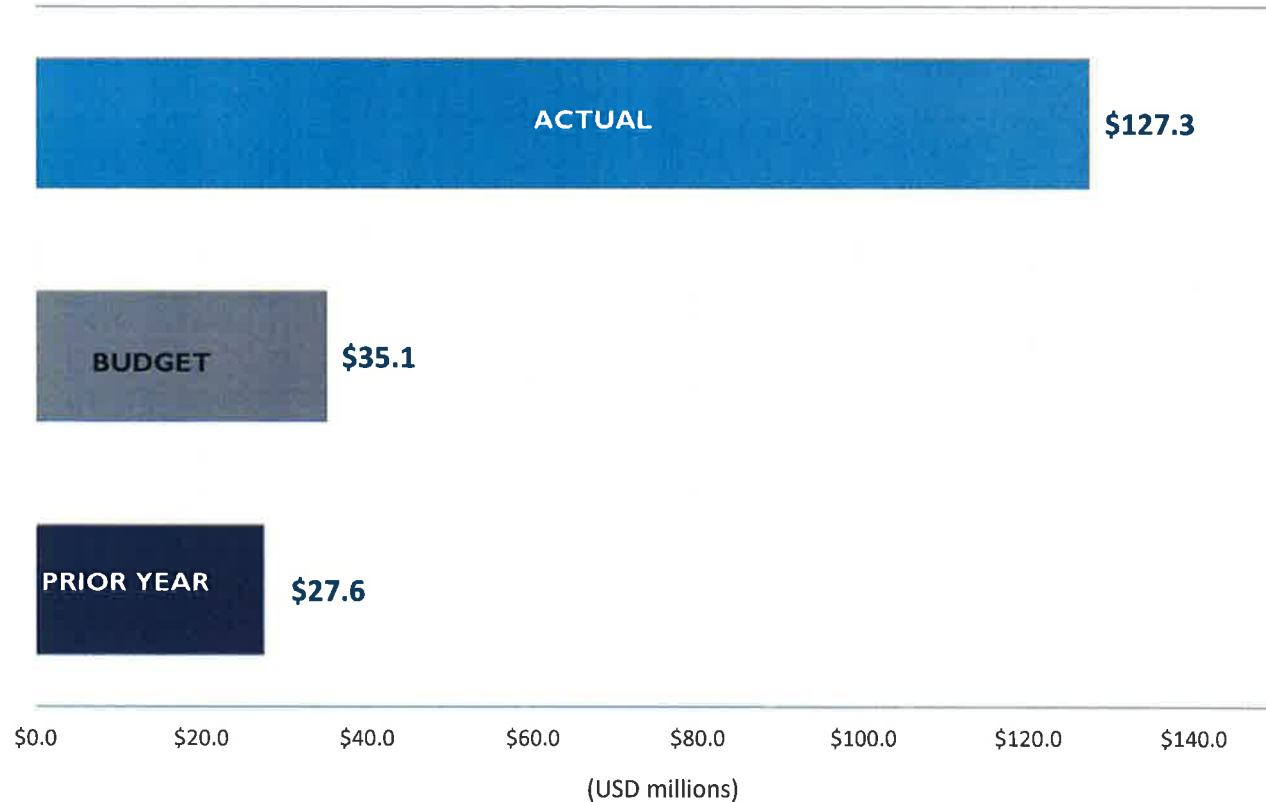
**NOTE:** For purposes of comparability the effects of accounting for the amended lease and debt defeasance have been excluded from Actual

# CHANGE IN NET POSITION:

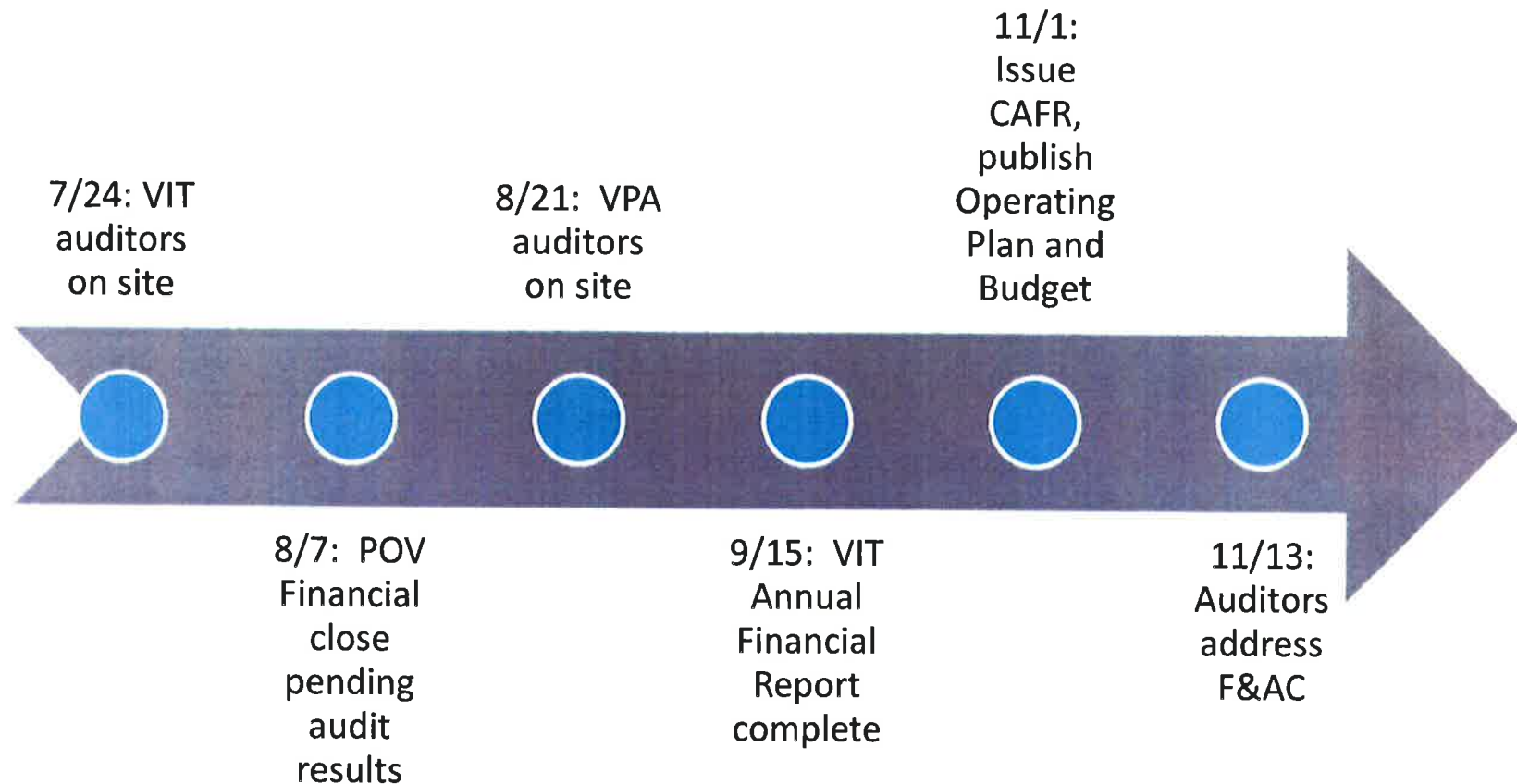
## For the Eleven Months Ended May 31, 2017

**Favorable  
variances to  
Budget and  
Prior Year**

**NOTE:** For purposes  
of comparability the  
effects of accounting  
for the amended  
lease and debt  
defeasance have  
been excluded from  
**Actual**



# FY17 Year End Audit and CAFR Timeline



# POV FY STATISTICS JULY-JUNE 2017

	FY 2016	FY 2017	Change	% Change
<b>Total TEUs</b>	<b>2,573,635</b>	<b>2,762,407</b>	<b>188,772</b>	<b>7.3%</b>
Export Loaded TEUs	968,772	1,034,336	65,564	6.8%
Export Empty TEUs	441,318	450,305	8,988	2.0%
Import Loaded TEUs	1,104,935	1,223,870	118,935	10.8%
Import Empty TEUs	58,610	53,896	(4,714)	-8.0%
<b>Total Containers</b>	<b>1,460,704</b>	<b>1,565,799</b>	<b>105,095</b>	<b>7.2%</b>
<b>General Cargo Tonnage</b>	<b>19,774,034</b>	<b>21,719,540</b>	<b>1,945,506</b>	<b>9.8%</b>
Container Tonnage	19,524,006	21,533,626	2,009,620	10.3%
Breakbulk Tonnage	250,028	185,914	(64,113)	-25.6%
<b>Total Rail Containers</b>	<b>511,096</b>	<b>568,894</b>	<b>57,798</b>	<b>11.3%</b>
VIP Containers	40,499	34,933	(5,566)	-13.7%
<b>Total Barge Containers</b>	<b>41,323</b>	<b>46,594</b>	<b>5,271</b>	<b>12.8%</b>
RMT Containers	16,347	22,500	6,153	37.6%
<b>Total Truck Containers</b>	<b>908,285</b>	<b>950,311</b>	<b>42,026</b>	<b>4.6%</b>
<b>Ship Calls</b>	<b>2,025</b>	<b>1,795</b>	<b>(230)</b>	<b>-11.4%</b>
<b>Vehicle Units</b>	<b>36,134</b>	<b>32,249</b>	<b>(3,885)</b>	<b>-10.8%</b>