

## **MINUTES**

### **ANNUAL MEETING - Board of Commissioners - Session 382**

Virginia Port Authority  
600 World Trade Center  
Norfolk, Virginia  
Tuesday, September 26, 2017

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The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its regular meeting on September 26, 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  
Jennifer D. Aument  
J. William Cofer  
Alan A. Diamonstein  
Kim Scheeler  
Louisa M. Strayhorn  
Deborah C. Waters  
F. Blair Wimbush

#### Commissioners Absent:

Manju S. Ganeriwala, State Treasurer  
John N. Pullen, Vice Chairman  
Val S. McWhorter  
Stephen Moret  
Faith B. Power

#### 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  
Sarah McCoy, General Counsel  
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 Hendrickson, Vice President, Strategic Planning & Analytics  
Al Collado, Senior Director, Procurement  
Anja Sparenberg, Director, Management Reporting & Analytics  
Russell Young, Director, Economic Development  
Joe Harris, Senior Director, Media Relations  
Russell Young, Director, Economic Development

VPA Staff (continued):

Carla Welsh, Director, Creative Services & Brand Management  
Joyce Cox, Public Affairs Coordinator  
Debra J. McNulty, Secretary to the Board

Virginia International Terminals LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer  
Shawn Tibbetts, Chief Operations Officer  
Joseph O'Brien, Vice President, Ocean Carrier Sales (NJ Office)  
Brian Kobza, Director of Ocean Carrier Sales

Guests:

The Hon. Aubrey L. Layne, Jr., Secretary of Transportation  
W. Brice Fiske, Office of the Attorney General  
Bryant McGann, Vandeventer Black LLP  
William W. Harrison, Jr., Williams Mullen  
JoAnne Carter, PFM Financial Advisors LLC  
Kristy Choi, PFM Financial Advisors LLC  
Nelson Bush, PFM Asset Management LLC  
Kathleen Bowe, PFM Asset Management LLC  
Matthew Eisel, PFM Asset Management LLC  
Frank Borum, Atlantic Intermodal Services, LLC  
Paul Olsen, Old Dominion University  
Whiting Chisman, Virginia Pilot Association  
Bill Bateman, Savant Ltd.

Media

Bob McCabe, *The Virginian-Pilot*

**Safety Briefing and Introductions**

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

Chairman Milliken introduced the Virginia Port Authority's newest member on the Board, Ms. Louisa M. Strayhorn, who was recently appointed by Governor McAuliffe for a five-year term.

**I. Approval of Minutes**

**Action:** At the request of Chairman Milliken, the minutes of the regular and annual meetings held July 25, 2017, were unanimously approved, as circulated.

## **II. Reports of Committees**

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

- I. Report on the authorization pursuant to Sec. 3.4.1 of the Bylaws, for Virginia Port Authority's Executive Director to finalize a contract and issue a Notice to Proceed for Allan Myers to begin the South NIT Civil Works projects

For the Board's awareness, Chairman Milliken presented the attached memorandum of board action and reported that actions were taken by the Chairman of the Board and Chairman of the Finance and Audit Committee (Mr. Blair Wimbush) in accordance with Sec. 3.4.1 of the VPA Bylaws. Chairman Milliken explained that it was critical to provide timely authorization for the Executive Director to move forward with the civil works project for South Norfolk International Terminals (SNIT). The Chairman announced that the contract was awarded to Allan Myers.

### **2. Announcement of Standing Committee Assignments**

Chairman Milliken announced that he recently appointed Commissioner Wimbush to serve as Chair of the Finance and Audit Committee and that Commissioner Strayhorn was appointed to serve as a member of that committee. Also, Commissioner Faith Power was appointed Vice Chair of Finance and Audit. There were no other changes to Standing Committees (copy attached).

### **B. Finance and Audit Committee – F. Blair Wimbush, Committee Vice Chair**

Mr. Wimbush reported that the Finance and Audit Committee met in closed session yesterday and received presentations from financial advisors on the drafting of an Investment Policy Statement for certain operating and debt related funds and establishing a Master Equipment Lease Program. He advised that the Committee received presentations from management on the status of the fiscal year 2017 audits for VPA and VIT, balances in the Residual Fund and Revenue Stabilization Fund, the financial results for July 2017 - the first month of the fiscal year, and an update on Administration Services and Compliance.

Mr. Wimbush reported that a financial advisor from PFM Asset Management presented an overview of the proposed investment policy scope, objectives, roles and responsibilities, reporting, and authorized investments. He announced that the Committee unanimously agreed to recommend approval of the Investment Policy Statement to the full board. Chairman Milliken asked for a motion on behalf of the Finance and Audit Committee.

**Action:** Upon motion by Mr. Wimbush, seconded by Mr. Scheeler, the Board (8-0) adopted the VPA Investment Policy to formalize the framework for VPA and Subsidiaries (VIT, LLC and HRCP II) investment activities, objectives, and guidelines in order to prudently manage and adequately safeguard VPA's investment assets.

With regards to the Master Equipment Lease Program (MELP), Mr. Wimbush reported that a Financial Advisor from PFM Financial Advisors provided an overview of the key financial terms of the proposed program, the planned use, flexibility, and next steps. He explained that Bond Counsel outlined key terms in the proposed Resolution 17-12, and that the Committee unanimously agreed to recommend approval of the MELP financing and Resolution 17-12 to the full board. Mr. Wimbush explained that Resolution 17-12 had been revised to include provisions in Section 2(ii) and Section 5 for taxable bonds and designated maximum interest rates for tax-exempt and taxable bonds, and that some of the equipment financed through MELP may be used at Virginia International Gateway (VIG), although VIG is not named in the Resolution (attached).

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

**Action:** Upon motion by Mr. Wimbush, seconded by Ms. Waters, the Board adopted Resolution 17-12 (8-0), as revised, authorizing the acquisition of terminal operating equipment in the aggregate principal amount up to \$37 million through one or more financing programs; establishing guidelines and standards and delegating to the Executive Director of the Authority responsibility for fixing the principal amount, the term, the interest rates, the repayment provisions and other details of such financing program; and authorizing the execution and delivery of a Master Equipment Lease or other such agreement evidencing the financing program.

Mr. Wimbush reported that management provided an update on the balances in the Residual Fund and the Revenue Stabilization Fund (RSF) and, as requested by the Finance and Audit Committee in July, management and bond counsel provided Resolution 17-13 for approval to transfer funds from the Residual Fund to the RSF in order to fill the RSF to the maximum allowed under Bond Resolution 16-9, and to address other routine cash transfers at management's discretion. Mr. Wimbush announced that the Committee unanimously agreed to

recommend approval of Resolution 17-13 to the full board. Chairman Milliken asked for a motion at this time.

**Action:** Upon motion by Mr. Wimbush, seconded by Mr. Diamonstein, the Board adopted Resolution 17-13 (8-0), authorizing a transfer to the Revenue Stabilization Fund created under Resolution 16-9.

Chairman Milliken emphasized the importance of Resolution 17-13 and having a contingency fund that, he said, would provide a measure of comfort during this time of construction and expansion.

Mr. Wimbush further reported that the Finance and Audit Committee also heard reports on risk management, procurement, real estate, and Small, Women, and Minority (SWaM) activities and action plans.

At this time, Mr. Oliver presented the July 2017 (FY18) financial report and reviewed operating revenue and expenses, operating income (loss), and change in net position.

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

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

Mr. Diamonstein reported that the Growth and Operations committee heard from Rich Ceci, Senior Vice President of Technology and Projects, who provided an overview of major port projects that included South NIT, VIG Phase II, N4 conversion, and other projects. He reported that Mr. Ceci also provided an equipment update for VIG II that included a recommendation to purchase 15 translifters.

Mr. Diamonstein announced that Joe Ruddy, Chief Innovation Officer, provided the Committee with a brief risk analysis should the Port experience a 2008-like recession. At this time, Mr. Diamonstein asked Mr. Ruddy to present Resolution 17-14.

Mr. Ruddy explained that the resolution authorizes the purchase of 15 container lift trailer systems (translifters) from NT Liftech Oy for a price up to \$2.625 million. He confirmed that the request for proposals and final bid offering was done in accordance with The Port of Virginia's procurement manual regulations and the Construction Authority Agreement. At the Chairman's request, the following motion was offered.

**Action:** Upon motion by Mr. Diamonstein, seconded by Mr. Wimbush, the Board adopted Resolution 17-14 (8-0), authorizing the Virginia Port Authority Executive Director to finalize a contract for 15 container lift trailer systems for Virginia International Gateway (VIG).

Mr. Ruddy announced that the Navigational Summit, which was recently held, detailed Federal projects that involve widening and deepening of our channels. He thanked Capt. Cofer for his assistance. Mr. Ruddy reviewed FY18 dredging plans and timetables. He described plans for the Norfolk channel widening at NIT to provide an additional 1,200 feet in width for 13,000 TEU vessels (Phase I-Option A) and he reviewed the 43-foot dredging project at PMT.

Mr. Ruddy announced that The Port of Virginia was the recipient of two awards – the Diesel Emissions Reduction Act (DERA) Grant Award (\$2.1 million) to replace diesel with hybrid shuttle carriers, and the AAPA Craney Island Mitigation Award. He mentioned that several POV colleagues would be attending the AAPA convention in Long Beach to accept the environmental award on October 4<sup>th</sup>.

Mr. Ruddy reviewed the Project Status scorecard reflecting budget and schedule status for each of the major port projects. He reviewed progress-to-date on the wharf, rail yard, and equipment production for VIG and concluded his presentation with the 18-month horizon timeline for NIT and VIG expansions.

Mr. Diamonstein reported that the Committee also heard from Sarah McCoy, General Counsel, who provided a high-level legal affairs report and from Cathie Vick, Chief Public Affairs Officer, who briefed the Committee on developments with the Army Corps of Engineers with regard to harbor deepening and widening projects.

Mr. Diamonstein reported that Tom Capozzi, Chief Sales Officer, provided the Growth and Operations Committee with updates on business at the Virginia Inland Port, Richmond Marine Terminal, breakbulk and ro-ro updates at Newport News Marine Terminal, and service levels within the Port's Customer Service division. Mr. Diamonstein turned the meeting over to Mr. Capozzi to present the Sales Report.

Mr. Capozzi presented POV fiscal year statistics from July-August 2017 (attached). He announced new rail services that are now operational - Norfolk Southern's Harrisburg service and CSX service to Pittsburgh.

Mr. Capozzi announced that POV hosted a luncheon for CMA-CGM officials for the August 28<sup>th</sup> arrival of the CMA-CGM T. Roosevelt (14,400 TEUs). He reported POV's operations handled just under 3,000 vessel moves and 800 rail moves.

Mr. Capozzi introduced Brian Kobza, POV's new Director of Ocean Carrier Sales, who was in attendance.

Mr. Diamonstein reported that Shawn Tibbetts, Chief Operations Officer, presented the Growth and Operations Committee with a review of the fiscal year-to-date Lost Work Day (LWD) rate, empty evacuations, reefer services, peak season, NIT North Gate utilization, PMT equipment and berth repairs, NNMT activity, and the arrival of the T. Roosevelt. Mr. Diamonstein added that Mr. Tibbetts also reviewed rail and gate activities throughout the Port facilities and he turned the meeting over to him for the Safety/Operations Report.

Mr. Tibbetts reported that the LWD rate for FY18 year-to-date is currently at 2.81, compared to the industry standard of 3.4. He advised that POV is working towards the targeted goal of 2.0.

Mr. Tibbetts reviewed preparations that went into effect for Hurricane Irma lead by POV's MIRT (Maritime Incident Response Team), Emergency Operations team and in coordination with the US Coast Guard. Preparations included the procurement of five hurricane response containers that are equipped with the necessary supplies to assist individuals impacted by the storm.

Mr. Tibbetts reported POV rail vs. gate/barge volumes and reviewed rail ready dwell times at NIT and VIG. He reviewed traditional and expanded gate turn-times at NIT and VIG compared with the industry standard and noted that VIG gate turn times have shown improvement over the last year. Mr. Tibbetts advised that the focus is to get expanded turn times below 60 minutes.

Mr. Tibbetts reported that PMT has been handling increased tonnage with turn times averaging about 45 minutes; well below the industry. He advised that net cranes moves (per hour) port-wide have been consistent and he emphasized the need to work the vessels as efficiently as possible for our port customers.

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

Mr. Bibbs reported that POV created Engagement Survey Action Plans, completed FY17 appraisals, and that FY18 team and personal goals are soon to be completed. He reviewed Organizational Development initiatives that include two Leadership Development Programs and EQ 2.0 courses (Emotional Intelligence) that can now be administered in-house by certified POV colleagues.

Mr. Bibbs reported that POV's branded Learning Management System (LMS) was scheduled to go-live on September 30. He featured a photo of POV's newly-formed colleague soccer and kickball teams.

Mr. Bibbs reviewed recruitment metrics new and backfill positions; training metrics for 2017 vs. last year (internal/external) that included college reimbursement and training metrics for FY18 year-to-date.

#### **IV. Report by Chief Public Affairs Officer – Cathie Vick**

Ms. Vick reported that the results of the US Army Corps' Tentatively Selected Plan (TSP) for the Norfolk harbor channel deepening and widening project was announced at the Navigational Summit. She thanked Commissioners Cofer, Diamonstein, and Strayhorn for attending the event. Ms. Vick also mentioned that Congressman Scott and Congressman Taylor are very supportive to get these Federal projects completed.

Ms. Vick reported that the TSP authorizes dredging of 55 feet in the Newport News and Norfolk Channel; 56 feet in Thimble Shoals, and 59 feet in the Atlantic Ocean channel. She also noted that the TSP also authorizes widening of 1,200 feet on each side of the Norfolk harbor and that POV intends to work with the Army Corps to widen to 1,400 feet to accommodate the ultra large container vessels. The widening requires authorization through the Water Resources Development Act (WRDA).

Ms. Vick announced that the TSP goes out for public comment on October 21<sup>st</sup> for 60 days, and it is expected that the National Economic Decision (NED) by the Army Corps will come out by February 2018 which will start the final review process towards the Chief's report in December 2018.

Ms. Vick presented a photo of Congressional staffers who visited the port for the arrival of the T. Roosevelt. She announced that POV's next legislative update due out this week features an executive from CMA-CGM and USCG Capt. Wester to talk about both the commercial needs and safety needs for a deeper/wider channel.

Ms. Vick announced changes in the Public Affairs division. She introduced Dustin Rinehart, the new Director of State and Local Government Affairs and announced that Melissa Fularon was promoted to Grant Manager, after having served as Ms. Vick's executive assistant for several years.

Ms. Vick provided details on the following grant applications:



- TIGER grant application (due next week) for the Virginia Inland Port on-terminal rail expansion and grade separation project.
- Volkswagen Grant application – Federal funds through the VW settlement (Application process not started to date.)
- Richmond Transportation Planning Organization Grant – Asking for \$2.1 million for a drop-lot close to the Richmond Marine Terminal (RMT) and gate capacity and IT enhancements.

Ms. Vick presented the attached CYTD2017 Economic Development statistics and she provided a review of nine economic development announcements that had been released since the last Board meeting.

Ms. Vick announced that POV's Economic and Infrastructure Development Grant of \$417,000 would be presented to Continental Automotive Systems by Commissioner Diamonstein on October 6<sup>th</sup>, at the Newport News Economic Development meeting.

Ms. Vick reported on POV's messaging efforts that produced 585 mentions and \$720,000 in earned media for the period July 1 - August 30. She described the new branding initiatives and POV's use of marketing automation, "geo nets" and context-driven advertising to drive audiences to appropriate funnels.

Ms. Vick described the following response/planning activities by POV's Maritime Incident Response Team (MIRT) and Emergency Operations division:

- 100<sup>th</sup> Year Norfolk Naval Base Celebration
- Commissioning of the USS Gerald Ford
- Security breach at Pier 7
- Provided a brief to federal agency PIRT (Purposeful Interference Response Team) at Strategic Command
- Provided vessel familiarization training to 150 Navy Special Forces Operators-SEAL Team 8

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

Mr. Reinhart provided closing remarks and reviewed progress-to-date at The Port of Virginia since the last board meeting, as outlined in the attached. He announced that there will be a special meeting of the Growth and Operations Committee on October 19<sup>th</sup> at 10:00 a.m. at which time POV's confidential Strategic Growth Plan would be reviewed in closed session.

## **VI. Unfinished Business**

There was no unfinished business to report.

**VII. New Business**

There was no new business to report at this time.

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

Chairman Milliken invited all Board members to attend the October 19<sup>th</sup> Growth and Operations Committee meeting.

The Chairman announced that Secretary Layne would be convening a panel of the VPA Board at the Governor's Transportation Conference (October 24-27), at 9:30 a.m. on October 25<sup>th</sup>, at The Omni Homestead. He asked Mrs. McNulty to send out an email poll to commissioners to determine attendance.

Secretary Layne announced that highlights for the panel's discussion would be transition to the new Governor, achievements of the Port and how the port industry impacts the Commonwealth. The Secretary noted that the Governor will conduct a Town Hall meeting the evening of October 25<sup>th</sup> and commissioners were invited to attend that event as well.

Chairman Milliken announced that, after polling Board members, the November 27-28 board meeting dates have been rescheduled to December 4-5 (Committee meetings – December 4; Public Session – December 5) so as not to conflict with the Thanksgiving holiday.

The Secretary and Chairman Milliken briefly discussed preparations for the Governor transition. The Chairman mentioned that he and Mr. Reinhart would need to schedule a meeting with the Governor-elect after he selects a Secretary of Transportation.

There being no further business and no public comments, the meeting adjourned at 10:18 a.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debra J. McNulty".

Debra J. McNulty

Secretary to the Board



VIRGINIA PORT AUTHORITY

600 WORLD TRADE CENTER, NORFOLK, VA 23510

(757) 683-8000

## MEMORANDUM OF BOARD ACTION

**To:** Virginia Port Authority Board of Commissioners

**From:** John Milliken, Chairman of the Board  
Blair Wimbush, Chairman of the Finance and Audit Committee

**Date:** September 25, 2017

**Subject:** Action taken pursuant to Bylaws Section 3.4.1: The Executive Director's authority, to execute a contract for the acquisition of civil works as part of the stack yard construction at the South Yard of Norfolk International Terminals (SNIT)

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### Legal Authority:

The Virginia Port Authority (the "Authority"), a body corporate and a political subdivision of the Commonwealth of Virginia, was 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.

Section 3.4.1 of the Authority's Bylaws states that upon obtaining prior written approval by the Chairman of the Board and the Chairman of the Finance and Audit Committee, the Executive Director may enter into a contract, agreement or arrangement on the Authority's behalf in excess of \$2,500,000.

### Action(s) Taken:

- The Authority intends to make significant capital improvements to the south yard of Norfolk International Terminals ("SNIT") which include the construction of twenty-four (24) semi-automated rail mounted gantry container yard stacks.
- Pursuant to its Procurement Manual, the Authority issued a Request for Proposals ("RFP") for the SNIT civil works for the construction of the stack yard. Upon evaluation of the proposals submitted in response to the RFP, the Authority determined that the proposal of Allan Myers VA, Inc. (the "Company") represented the best value to the Authority according to the criteria in the RFP.
- On September 5, 2017, pursuant to the Authority's Bylaws, Section 3.4.1, the Executive Director requested the written approval of the Chairman of the Board and the Chairman of the Finance and Audit Committee to authorize the Executive Director to finalize the contract with the Company and issue the notice to proceed within the week. The written consent of the Chairman of the Board and the Chairman of the Finance and Audit Committee were granted. See *attached* emails granting authorization.
- The contract with the Company for the SNIT civil works provides compensation for the services to be performed for a price of \$162,401,514.00. The purchase price for the civil works at SNIT shall be funded from the proceeds allocated to the Authority from bonds authorized and issued

for capital improvements at SNIT by the Virginia Public Building Authority pursuant to Chapter 759 of the Acts of Assembly of 2016 Commonwealth of Virginia.

**Conclusion:**

- Pursuant to Section 3.4.1 of the Authority's Bylaws, upon obtaining the written approval on September 5, 2017 of the Chairman of the Board and the Chairman of the Finance and Audit Committee, the approval, execution and delivery of the SNIT civil works contract by the Authority is authorized.

SEEN AND ACKNOWLEDGED this 25th day of September, 2017

A handwritten signature in dark ink, appearing to read "J. Milliken", written over a horizontal line.

John G. Milliken  
Chairman  
Virginia Port Authority Board of Commissioners

SEEN AND ACKNOWLEDGED this 25th day of September, 2017

A handwritten signature in dark ink, appearing to read "F. Blair Wimbush", written over a horizontal line.

F. Blair Wimbush  
Chairman of the Finance and Audit Committee  
Virginia Port Authority Board of Commissioners

## Debbie McNulty

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**From:** John G Milliken <jmillik3@gmu.edu>  
**Sent:** Tuesday, September 05, 2017 3:37 PM  
**To:** John Reinhart  
**Cc:** Sarah McCoy; F. Blair Wimbush (Blair.wimbush@cox.net)  
**Subject:** RE: Approval for SNIT Civil Works Contract and Notice to Proceed

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

I approve the award of the civil works contract To Allen Myers and authorize you to finalize the contract and issue the notice to proceed this week.

John

**From:** John Reinhart [mailto:jreinhart@portofvirginia.com]  
**Sent:** Tuesday, September 5, 2017 9:15 AM  
**To:** John G Milliken <jmillik3@gmu.edu>; F. Blair Wimbush (blair.wimbush@cox.net) <blair.wimbush@cox.net>  
**Cc:** Sarah McCoy <smccoy@portofvirginia.com>  
**Subject:** Approval for SNIT Civil Works Contract and Notice to Proceed

Gentlemen,

As you are aware, we had put out an invitation for bid on the civil works to do the Stack Yard at SNIT. We received two qualified responses, however, both were significantly over the estimated price for the civil works. Allan Myers submitted the lowest bid that was still \$43 million above the estimate. Allan Myers is also the successful Stack Yard contractor at the VIG project. Attached is a document that outlines the key elements and the steps we have taken to bring the project more in line. The Steering Committee met on September 1 and agreed with this path forward. I am writing to request your approval as the Chairman of the Board and Chairman of the Finance and Audit Committee to authorize me to finalize the contract with Allan Myers and issue the notice to proceed this week. We will prepare a ratification document for the upcoming board meeting. If you have any questions, please do not hesitate to reach out to me. If you could respond by e-mail of your concurrence with this request, it would be greatly appreciated.

Blair – Congratulations on becoming Chairman of the Finance and Audit Committee. We look forward to working with you in this capacity and appreciate your willingness to take on the responsibility.

Hope both of you and your families enjoyed a wonderful Labor Day weekend.

Warm regards,

John

**John F. Reinhart**  
CEO and Executive Director

**Virginia Port Authority**  
600 World Trade Center  
Norfolk, VA 23510  
Office: 757-683-2101  
[www.portofvirginia.com](http://www.portofvirginia.com)

## Debbie McNulty

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**From:** FB Wimbush <blair.wimbush@cox.net>  
**Sent:** Tuesday, September 05, 2017 10:56 AM  
**To:** John Reinhart  
**Cc:** John G. Milliken (Jmillik3@gmu.edu); Sarah McCoy  
**Subject:** Re: Approval for SNIT Civil Works Contract and Notice to Proceed

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

John

Perhaps I am overlooking something but what was the budgetary impact of the scope and phasing modifications? Why do we think the costs came in so far beyond estimates?

Thanks.

Sent from my iPad

On Sep 5, 2017, at 9:15 AM, John Reinhart <[jreinhart@PortofVirginia.com](mailto:jreinhart@PortofVirginia.com)> wrote:

Gentlemen,

As you are aware, we had put out an invitation for bid on the civil works to do the Stack Yard at SNIT. We received two qualified responses, however, both were significantly over the estimated price for the civil works. Allan Myers submitted the lowest bid that was still \$43 million above the estimate. Allan Myers is also the successful Stack Yard contractor at the VIG project. Attached is a document that outlines the key elements and the steps we have taken to bring the project more in line. The Steering Committee met on September 1 and agreed with this path forward. I am writing to request your approval as the Chairman of the Board and Chairman of the Finance and Audit Committee to authorize me to finalize the contract with Allan Myers and issue the notice to proceed this week. We will prepare a ratification document for the upcoming board meeting. If you have any questions, please do not hesitate to reach out to me. If you could respond by e-mail of your concurrence with this request, it would be greatly appreciated.

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Warm regards,

John

**John F. Reinhart**  
CEO and Executive Director

**Virginia Port Authority**  
600 World Trade Center  
Norfolk, VA 23510  
Office: 757-683-2101

## Debbie McNulty

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**From:** FB Wimbush <blair.wimbush@cox.net>  
**Sent:** Tuesday, September 05, 2017 11:53 AM  
**To:** John Reinhart  
**Cc:** John G. Milliken (Jmillik3@gmu.edu); Sarah McCoy  
**Subject:** Re: Approval for SNIT Civil Works Contract and Notice to Proceed

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

John

Thank you for the call that addressed the couple of questions I had. I approve going forward with the contract with Allan Myers and understand board ratification will be requested at the next board meeting.

Regards,  
Blair Wimbush

Sent from my iPad

On Sep 5, 2017, at 9:15 AM, John Reinhart <[jreinhart@PortofVirginia.com](mailto:jreinhart@PortofVirginia.com)> wrote:

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Hope both of you and your families enjoyed a wonderful Labor Day weekend.

Warm regards,

John

**John F. Reinhart**  
CEO and Executive Director

**Virginia Port Authority**  
600 World Trade Center  
Norfolk, VA 23510

# SNIT Construction Contract Board Approval

September 4, 2017-VI



*Stewards of Tomorrow*



# SNIT Project Status

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- SNIT Civil Works we received from two bidders.
  - Both were significantly over budget (low bid \$43M over)
- We negotiated with the lowest bidder over the course of several weeks
- We reduced the scope in several areas
- Phasing was revised to allow the supplier to be more efficient
- We modified penalties related to vessel arrival demurrage charges. Liquidated Damage provisions remain intact.
- We have adjusted the RMG crane delivery so that the first 4 deliveries (6 cranes – 3 stacks per delivery) go to VIG. This may be further modified to include delivery 5 (the last 2 VIG RMGs)
- The supplier (Allan Myers) previously won the Stack Yard portion of VIG Phase II.

# Scope Summary (Engineering Estimates)

| Item  | Budget        |
|---|---------------|
| RMG Cranes  | \$163.4M      |
| LZ-WZ I/O Controls +Safety + STS Electrical Upgrades (30) | \$7.5M        |
| General Yard Improvements (non-Allan Myers scope)         | \$4.5M        |
| Stack Yard (including 14 reefer racks)                    | \$162.4M      |
| IT Related  | \$15.5M       |
| Design Engineering  | \$3.0M        |
| Construction Management                                   | \$5.1M        |
| Owner Controller Insurance Program (OCIP)                 | \$2.0M        |
| Contingency   | \$11.6M       |
| <b>TOTAL</b>  | <b>\$375M</b> |

**Funding Summary**  
**\$350M – State Bonds**  
**\$ 5M – Internal**  
**\$ 20M – Eqpt Lease**

# Recommendation

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**Approve the revised project cost of \$162,401,514.00 to Allan Myers.**

**The Notice To Proceed will be given no later than September 8, 2017.**

**Construction on the duct bank will start mid-October 2017 (Ground Breaking)**

**Stack yard construction start planned for January 2018.**

# Phasing Plan



# **VIRGINIA PORT AUTHORITY**

**(Committee Assignments effective September 7, 2017)**

## **FY2018 STANDING COMMITTEES**

### **Executive Committee**

John G. Milliken, Chair  
John N. Pullen, Vice Chair  
Jennifer D. Aument  
Alan A. Diamonstein  
F. Blair Wimbush

### **Finance and Audit Committee**

F. Blair Wimbush, Chair  
Faith B. Power, Vice Chair  
Manju S. Ganeriwala (State Treasurer)  
Kim Scheeler  
Louisa M. Strayhorn

### **Growth and Operations Committee**

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

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

### **Investment Committee**

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

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



**THE PORT OF  
VIRGINIA**

Virginia Port Authority

## Statement of Investment Policy

Effective October 1, 2017

Adopted by the Virginia Port Authority

Board of Commissioners on September 26, 2017

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## GLOSSARY



# **VIRGINIA PORT AUTHORITY STATEMENT OF INVESTMENT POLICY**

## **A. INTRODUCTION**

The intent of the Investment Policy of Virginia Port Authority (“VPA” or “the Authority”) is to define the parameters within which certain operating and bond-related funds are to be managed. This policy formalizes the framework for the Authority’s investment activities that must be exercised to ensure effective and judicious fiscal and investment management of the Authority’s funds. The guidelines are intended to be broad enough to allow the Authority’s investment program to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

## **B. GOVERNING AUTHORITY**

The Virginia Port Authority is a political subdivision of the Commonwealth of Virginia created under §62.1-128 et seq. of the Code of Virginia. The investment program shall be operated in conformance with federal, state, and other legal requirements, including the provisions of any applicable bond resolutions, the Amended and Restated Bylaws of the Virginia Port Authority (the “Bylaws”), the Authority’s Investment Policy (the “Policy”), Security for Public Deposits Act (“SPDA”; §2.2-4400 et seq.) and Investment of Public Funds Act (§2.2-4500 et seq.), which governs the investment of public funds. In the event of a conflict between this Policy and the Code of Virginia, the Code of Virginia will always apply, and this Policy may establish guidelines that are more restrictive than those imposed by the Code of Virginia.

## **C. SCOPE**

This Policy applies to activities of the Virginia Port Authority with regard to investing the financial assets of all funds. These funds include, but are not limited to, all operating funds, the Revenue Stabilization Fund, the Residual Fund, and any new funds created by the Authority, unless specifically exempted by the Board of Commissioners of the Virginia Port Authority (the “Board”) and this Policy.

Any excluded funds such as employee retirement funds, proceeds from certain bond issues and grant funds are covered by separate policies.

Except for funds in certain restricted and special funds, the Authority can commingle its funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

Section K of this Policy will govern the investments belonging to the Authority’s subsidiaries.



## **D. OBJECTIVES**

The primary objectives, in priority order, of VPA's investment activities shall be:

### Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

### Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

### Return

The investment portfolio shall be designed with the objective of attaining a reasonable market rate of return throughout economic cycles, taking into account the nature of funds being invested and the previously stated priorities of safety and liquidity.

## **E. DELEGATION OF AUTHORITY**

Section 3.3.5 of the Bylaws authorizes the Treasurer to the Board (the "Investment Officer") to manage the investments of the Authority. The Investment Officer shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. The Investment Officer may delegate day-to-day responsibility for management of the investment program to internal staff member(s) and/or to external investment manager(s).

Section 3.10.2 of the Bylaws grants authority to approve all depositories used by the Authority to the Finance and Audit Committee of the Board. The Investment Officer shall evaluate financial institutions to provide depository services to the Authority and recommend depositories to the Finance and Audit Committee. Whether or not a bank is an approved depository (a "Depository") by the Finance and Audit Committee, the Investment Officer is permitted to use investment products (e.g., bank CDs) offered by any such banks, provided such investments meet the investment parameters otherwise outlined in this policy.

Pursuant to the Agreement for Shared Services dated August 8, 2014 between VPA and its subsidiaries, responsibility for all Accounting and Finance functions, including investment of the funds of VPA's subsidiaries, is delegated to VPA.

The Investment Officer will report quarterly to the Finance and Audit Committee of the Board regarding the investment program. If the Finance and Audit Committee so chooses, it may delegate responsibility for reviewing the investment program to a subcommittee.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

## **F. STANDARD OF PRUDENCE**

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. The “prudent person” standard states that:

*“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”*

In accordance with §2.2-4516 of the Code of Virginia, when investments are made in accordance with the Investment of Public Funds Act §2.2-4500 et seq., the Investment Officer shall not be liable for any loss therefrom in the absence of negligence, malfeasance, misfeasance, or nonfeasance on his part or on the part of his assistants or employees.

Furthermore, in accordance with §2.2-4410 et seq. of the Code of Virginia, the Investment Officer shall not be liable for loss of public money due to the default, failure or insolvency of a depository.

## **G. ETHICS AND CONFLICTS OF INTEREST**

The Investment Officer and any VPA staff involved in the cash management and investment processes shall comply with the Code of Virginia Section §2.2-3100 et seq., the State and Local Government Conflict of Interests Act. Specifically, no staff shall:

1. accept any money, loan, gift, favor, service, or business or professional opportunity that reasonably tends to influence him in the performance of his official duties; or
2. accept any business or professional opportunity when he knows there is a reasonable likelihood that the opportunity is being afforded to influence him in the performance of his official duties.

The Investment Officer and VPA staff shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

## **H. INTERNAL CONTROLS**

Management shall establish a system of internal controls with regards to its investment activities, which shall be documented in writing. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority.

## **I. AUTHORIZED INVESTMENTS**

Subject to applicable state laws, federal laws, bond resolutions, and when required, action by the Authority’s Board of Commissioners, VPA’s investment portfolio may be invested

in the following Authorized Investments within the investment parameters described in Section J. The Investment Officer may, but shall not be obligated to, impose additional requirements and restrictions to ensure that VPA's goals are met.

Code of Virginia §2.2-4500 et seq. describes certain permitted investments for qualified public entities ("QPEs"), defined by §2.2-4511 as "any state agency, institution of the Commonwealth or statewide authority created under the laws of the Commonwealth having an internal or external public funds manager with professional investment management capabilities." So long as VPA has an internal or external public funds manager with professional investment management capabilities, VPA qualifies as a QPE. Where noted in this Policy, permitted investments and investment parameters will differ if VPA qualifies as a QPE or if it does not.

1. **U.S. Treasury Obligations.** Bills, notes and any other obligation or securities issued by or backed by the full faith and credit of the United States Government, as described by Code of Virginia §2.2-4501.
2. **Federal Agency/Government Sponsored Enterprise Obligations.** Bonds, notes and other obligations issued by any federal government agency or instrumentality or government sponsored enterprise, as described by Code of Virginia §2.2-4501.
3. **U.S. Dollar Denominated Supranational Agency Bonds.** Bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development, by the Asian Development Bank or by the African Development Bank, as described by Code of Virginia §2.2-4501.
4. **Municipal Obligations.** Bonds, notes and any other obligation of a state or municipal government, upon which there is no default, and which otherwise meet the requirements of Code of Virginia §2.2-4501.
5. **Commercial Paper.** "Prime quality" commercial paper, issued by corporations organized and operating under the laws of the United States or any state thereof, and otherwise meeting the requirements of Code of Virginia §2.2-4502.
6. **Bankers' Acceptances.** Issued by domestic banks or a federally chartered office of a foreign bank, which are eligible for purchase by the Federal Reserve System, as described by Code of Virginia §2.2-4504.
7. **Corporate Notes.** Unsecured promissory notes issued by corporations, and otherwise meeting the requirements of Code of Virginia §2.2-4510.
8. **Negotiable Certificates of Deposit and Bank Deposit Notes.** Negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks, and otherwise meeting the requirements of Code of Virginia §2.2-4509.
9. **Bank Deposits and Non-Negotiable Certificates of Deposit.** Demand deposits, time deposits, and other deposits that comply with all aspects of SPDA and with §2.2-4518.
10. **Asset-Backed Securities ("ABS").** Securities whose principal and income payments are derived from and collateralized by a specific pool of underlying assets, and otherwise meeting the requirements of Code of Virginia §2.2-4511. ABS are a permitted investment only if VPA qualifies as a QPE.

**11. Repurchase Agreements.** Repurchase agreements meeting the requirements of Code of Virginia §2.2-4507 and the conditions stated below:

- a. the contract is fully secured by deliverable U.S. Treasury and Federal Agency/Government Sponsored Enterprise obligations as described in paragraphs 1 and 2 above, having a market value at all times of at least one hundred and two percent (102%) of the amount of the contract;
- b. a Master Repurchase Agreement or specific written Repurchase Agreement governs the transaction;
- c. the securities are free and clear of any lien and held by an independent third party custodian acting solely as agent for VPA, provided such third party is not the seller under the repurchase agreement;
- d. a perfected first security interest under the Uniform Commercial Code in accordance with book entry procedures prescribed at 31 C.F.R. 306.1 et seq. or 31 C.F.R. 350.0 et seq. in such securities is created for the benefit of VPA;
- e. the counterparty is a:
  - i. primary government securities dealer who reports daily to the Federal Reserve Bank of New York, or
  - ii. a bank, savings and loan association, or diversified securities broker-dealer having at least \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and
- f. the counterparty meets the following criteria:
  - i. a long-term credit rating of at least 'AA' or the equivalent from a Nationally Recognized Statistical Ratings Organization ("NRSRO"), and
  - ii. has been in operation for at least 5 years.

**12. Money Market Mutual Funds (Open-Ended Investment Funds).** Shares in open-end, no-load investment funds provided such funds are registered under the Investment Company Act of 1940. The mutual fund must comply with all requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange Commission, provided the investments by such funds are restricted to investments otherwise permitted by the Code of Virginia for political sub-divisions, as described by Code of Virginia §2.2-4508.

**13. Pools.** Pooled investment programs provided that the underlying investments by such funds are restricted to investments otherwise permitted by the Code of Virginia for political sub-divisions, as described by Code of Virginia §2.2-4513.1. The Authority can invest in two different types of Pools:

- a. **Principal Stability Pools.** Pools that operate in compliance with the Government Accounting Standard Board's Statement 79 ("GASB 79"), which maintain a weighted average maturity of less than 60 days and whose primary objective is to maintain a stable net asset value; and
- b. **Bond Funds.** Pools that may have a longer average maturity than principal stability pools and a fluctuating net asset value.

## **J. INVESTMENT PARAMETERS**

### Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. It is the policy of the Virginia Port Authority to perform independent credit analysis on any corporate or municipal issuers held in VPA's portfolio. Such analysis will be performed prior to the purchase of any corporate or municipal security and on an ongoing basis as long as such security is held in the portfolio. VPA will also diversify its investment portfolios to minimize risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities.

### Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The Authority recognizes that, over time, longer-term/core portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The Authority further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The Authority shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

### Maximum Maturity

Maintenance of adequate liquidity to meet the cash flow needs of VPA is essential. Accordingly, the portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of investment maturities must be consistent with the cash requirements of VPA.

The Authority's investment portfolio will be invested in permitted investments with a stated maturity of no more than five (5) years from the transaction settlement date (with the exception of Agency Mortgage-Backed Securities and Asset-Backed Securities which must have a weighted average life (WAL) of no more than five (5) years). To control the volatility of the portfolio, the Investment Officer will determine a duration target, not to exceed three (3) years.

### Diversification Parameters

The following diversification parameters have been established and will be reviewed periodically by the Investment Officer for all funds. The Investment Officer may choose to implement limitations that are more restrictive than these parameters if he deems it prudent to do so. The diversification parameters will be applied across all of the Authority's investments governed by this policy, not at the individual fund level.

| Permitted Investment   | Sector Limit | Issuer Limit | Minimum Ratings Requirement <sup>1,2</sup>  | Max Maturity <sup>3</sup>   |
|--|--------------|--------------|---|-----------------------------|
| U.S. Treasury Obligations  | 100%         | 100%         | N/A   | 5 Years                     |
| Federal Agency/GSE Obligations   | 75%          | 40%          | Same as or higher than the U.S. Federal Government  | 5 Years                     |
| Agency Mortgage-Backed Securities                                      | 30%          | 30%          | Same as or higher than the U.S. Federal Government  | WAL of 5 Years              |
| Supranationals   | 30%          | 5%           | Same as or higher than the U.S. Federal Government  | 5 Years                     |
| Municipal Obligations  | 20%          | 5%           | AA by at least one NRSRO  | 5 Years                     |
| Commercial Paper   | 30%          | 5%           | At least two of the following: A-1 (S&P), P-1(Moody's), F-1(Fitch), and D-1 (Duff & Phelps)   | 270 Days                    |
| Bankers' Acceptances   | 30%          | 5%           | A-1 or equivalent by an NRSRO   | 180 Days                    |
| Corporate Notes  | 30%          | 5%           | <i>If VPA qualifies as a QPE: A rated by two NRSROs, one of which must be either S&amp;P or Moody's</i><br><i>If VPA does not qualify as a QPE: AA (S&amp;P) and Aa (Moody's)</i> | 5 Years                     |
| Negotiable Certificates of Deposit and Bank Deposit Notes              | 30%          | 5%           | A-1 (S&P) & P-1 (Moody's) if less than one year to maturity; AA (S&P) and Aa (Moody's) if greater than one year to maturity   | 5 Years                     |
| Bank Deposits and Non-Negotiable Certificates of Deposit <sup>4</sup>  | 100%         | 100%         | Collateralized in accordance with the SPDA  | N/A                         |
| Asset-Backed Securities ( <i>permitted if VPA qualifies as a QPE</i> ) | 20%          | 5%           | AAA or equivalent by two NRSROs, one of which must be either S&P or Moody's   | WAL of 5 Years              |
| Repurchase Agreements  | 25%          | 25%          | N/A   | 90 Days                     |
| Money Market Mutual Funds  | 100%         | 25%          | AAAm or equivalent by an NRSRO  | N/A                         |
| Principal Stability Pools  | 100%         | 25%          | AAAm or equivalent by an NRSRO  | N/A                         |
| Bond Funds   | 100%         | 25%          | AAf or equivalent by an NRSRO   | Maximum duration of 3 years |

1. Ratings by a Nationally Recognized Statistical Ratings Organizations ("NRSRO") as designated by the SEC
2. At time of purchase
3. From transaction settlement date
4. Whether or not a bank is an approved Depository by the Finance & Audit Committee, the Investment Officer is permitted to use investment products (e.g., bank CDs) offered by any such banks, provided such investments meet the investment parameters otherwise outlined in this policy.

## **K. INVESTMENTS OF THE AUTHORITY'S SUBSIDIARIES**

### Authorized Investments

Investment holdings allocated to the Authority's subsidiaries may be invested in the following Authorized Investments within the investment parameters described below. The Investment Officer may, but shall not be obligated to, impose additional requirements and restrictions to ensure that VPA's goals are met.

1. **Bank Deposits.** Demand deposits and other overnight deposit vehicles.
2. **Repurchase Agreements.** Overnight repurchase agreements meeting the conditions described in Section I Paragraph 11 of this Policy.
3. **Money Market Mutual Funds (Open-Ended Investment Funds).** Shares in open-end, no-load investment funds provided such funds are registered under the Investment Company Act of 1940. The mutual fund must comply with all requirements of Rule 2(a)-7, or any successor rule, of the United States Securities and Exchange Commission and maintain a stable net asset value.

### Investment Parameters

The primary purpose of any investments of the Authority's subsidiaries is to preserve principal and provide daily liquidity. As such, all investments will be limited to overnight vehicles. Because of the highly liquid nature of the authorized investments, sector and issuer limits will not apply to investments of the Authority's subsidiaries.

## **L. SECURITY DOWNGRADES**

If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the security must be sold within 30 calendar days, unless retention of the security is approved in writing by the Investment Officer. If VPA engages an external Investment Manager, the Investment Manager is required to notify the Investment Officer of a downgrade below the minimum rating level within 5 business days.

## **M. NON-COMPLIANCE WITH INVESTMENT POLICY**

In the event of non-compliance with this Policy, the Investment Officer or other appropriate investment management staff will determine what course of action to take and notify the chair of the Finance and Audit Committee. The Finance and Audit Committee will review compliance concerns on a quarterly basis and, if unresolved at the time of the meeting, determine whether to grant an exception. If VPA engages an external Investment Manager, the Investment Manager will notify the Investment Officer immediately of any known compliance breach within this Policy or other investment related regulations governing the Virginia Port Authority. Written notification must follow within 5 business days.

## **N. COMPETITIVE TRANSACTIONS**

The Authority has established the following procedures:

1. The Investment Officer or Investment Manager shall seek to obtain competitive bid information on all purchases of investment instruments purchased on the secondary market. A competitive bid can be executed through a bidding process

- involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.
2. If the Authority is offered a security for which there is no readily available competitive offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities as the same original issue price.

## **O. INVESTMENT OF BOND PROCEEDS**

VPA intends to comply with all applicable sections of the Internal Revenue Code relating to Arbitrage Rebate and the investment of bond proceeds. All investment records will be maintained to ensure compliance with all regulations. All bond proceeds will be invested in accordance with applicable bond resolutions.

## **P. COLLATERALIZATION OF BANK DEPOSITS**

All bank deposits of the Authority should be considered Public Deposits as defined by Code of Virginia Security for Public Deposits Act (Section 2.2-4400 et seq.) and all deposits must be made with Qualified Public Depositories. There shall be no sector or issuer limit for properly insured or collateralized public deposits, or deposits made in accordance with Code of Virginia 2.2-4518.

## **Q. ENGAGEMENT OF INVESTMENT MANAGERS**

VPA may engage one or more qualified firms registered under the Investment Advisers Act of 1940 to provide investment management services. All investment management firms engaged by VPA will be provided with a current copy of the Investment Policy. Before an organization can provide investment services to VPA, it must confirm in writing that it has reviewed the Investment Policy and will not purchase for VPA any security that, at the time of purchase, is in conflict with the Policy.

If VPA engages external investment managers, the selection process should include:

1. Confirmation that the investment manager meets minimum requirements, including registration with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and registration to conduct business in the Commonwealth of Virginia;
2. Review of the investment manager's Form ADV, Part II; and
3. Consideration of the following criteria:
  - a. The investment manager's understanding of VPA's investment program, objectives and constraints
  - b. The investment manager's background and experience of individuals assigned to the account
  - c. Fees

Any firm engaged by VPA to provide investment services shall:

1. Maintain a list of approved security brokers/dealers selected by creditworthiness who are authorized to provide investment services in the Commonwealth of Virginia;
2. Provide monthly reports of transactions and holdings to the Investment Officer;



3. Provide quarterly performance reports that display investment performance in comparison to VPA's investment benchmarks;
4. Upon request, show that it has solicited at least three bids for any security purchased or sold on behalf of VPA; and
5. Not collect any soft dollar fees from any broker/dealer or other financial firm in relation to services provided to VPA.

## **R. AUTHORIZED FINANCIAL INSTITUTIONS AND BROKER/DEALERS**

A list will be maintained of approved security broker/dealers selected by conducting a process of due diligence.

Institutions eligible to transact investment business with the Authority may include:

1. Primary government dealers as designated by the Federal Reserve Bank;
2. Nationally or state-chartered banks;
3. The Federal Reserve Bank; and
4. Direct issuers of securities eligible for purchase

All financial institutions who desire to serve as broker/dealers and conduct investment transactions with VPA must supply the following (as appropriate):

1. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
2. Proof of FINRA certification
3. Proof of State Registration
4. Evidence of adequate insurance coverage
5. Certification of having read and understood and agreeing to comply with the Authority investment policy

If the Authority hires an external investment manager to provide investment management services, the investment manager will be responsible for selecting qualified broker/dealers on behalf of the Authority.

## **S. SAFEKEEPING AND CUSTODY**

### Delivery vs. Payment

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the Authority's safekeeping institution prior to the release of funds.

### Third-Party Custody

Securities will be held by an independent third-party custody bank selected by the Authority. All securities will be evidenced by safekeeping receipts in the Authority's name. The custody bank shall annually provide a copy of its most recent report on internal controls - Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

## **T. RECORDS AND REPORTS**

The Investment Officer shall prepare an investment report at least quarterly for the Finance and Audit Committee of the Board or to a subcommittee, if so designated. This report will provide an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter. This report will allow the Finance and Audit Committee to ascertain whether investment activities during the reporting period have conformed to the Investment Policy. The report will include, at a minimum, the following:

1. Summary of relevant economic and capital markets information
2. Summary of portfolio's sector, maturity, and credit quality distribution
3. Confirmation that the portfolio is invested in compliance with the Code of Virginia and the Investment Policy
4. Summary of performance relative to established benchmarks

Additionally, staff and/or external investment manager(s) shall provide the Investment Officer with monthly and quarterly reports. These reports will include, at a minimum, the following:

1. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate
2. Average maturity of the portfolio and effective duration of the portfolio
3. Maturity distribution of the portfolio
4. Average portfolio credit quality
5. Confirmation that the portfolio is invested in compliance with the Code of Virginia and the Investment Policy
6. Time-weighted total rate of return for the portfolio for the reporting period and trailing periods compared to the portfolio's benchmark returns for the same periods
7. Average weighted yield to maturity of portfolio on investments as compared to applicable benchmarks
8. Distribution by type of investment
9. Performance relative to established benchmarks
10. Performance attribution analysis

## **U. PERFORMANCE STANDARDS**

The investment portfolio will be managed in accordance with the parameters specified within this Policy. The Investment Officer shall establish investment performance benchmarks for the Authority that appropriately represent the use and objectives of the funds invested and are consistent with the investment parameters described in this Policy. The portfolio's performance against these benchmarks will be reviewed on a quarterly basis. Short-term funds and other funds that must maintain a high degree of liquidity will be compared to the return on the three-month U. S. Treasury Bill. Medium term investments and other funds that have a longer-term investment horizon will be compared to an index of U. S. Treasury securities having a similar duration or other appropriate benchmark comprised of the permitted security types and having a similar duration to VPA's portfolio.

## **V. POLICY CONSIDERATIONS**

This policy shall be reviewed on an annual basis by the Investment Officer. Any changes must be approved by the Finance and Audit Committee and any other appropriate authority, as well as the individuals charged with maintaining internal controls.

## **W. INVESTMENT POLICY ADOPTION**

This policy is enacted by the Virginia Port Authority, this 26<sup>th</sup> day of September, 2017, and will become effective **October 1, 2017**.



Rodney W. Oliver, Chief Financial Officer  
Virginia Port Authority

## Glossary of Terms

**Bankers' Acceptance:** a draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**Benchmark:** a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

**Broker:** brings buyers and sellers together for a commission.

**Certificate of Deposit (CD):** a time deposit with a specific maturity evidenced by a Certificate. Large-denomination CD's are typically negotiable.

**Collateral:** securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper:** An unsecured promissory note with a fixed maturity no longer than 270 days. Public offerings are exempt from SEC regulation.

**Corporate Notes:** Unsecured promissory notes issued by corporations to raise capital.  
**Dealer:** acts as a principal in all transactions, buying and selling for his own account.

**Debenture:** a bond secured only by the general credit of the issuer.

**Delivery versus Payment:** delivery of securities with an exchange of money for the securities. (See also "Delivery versus Receipt")

**Delivery versus Receipt:** delivery of securities with an exchange of a signed receipt for the securities. Also known as "free" delivery. (See also "Delivery versus Payment").

**Diversification:** allocation investment funds among a variety of securities offering independent returns.

**Federal Agency:** government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets, also referred to as Government Sponsored Enterprises or GSEs. The largest are Ginnie Mae, Fannie Mae, Freddie Mac, Federal Home Loan Banks, Federal Farm Credit Bank, Tennessee Valley Authority.

**Federal Funds:** funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

**Federal Funds Rate:** the rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open – market operations.

**Liquidity:** the ability of ease with which an asset can be converted into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be transacted at those quotes.

**Market Value:** the price at which a security is trading and could presumably be purchased or sold.

**Master Repurchase Agreement:** a written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

**Maturity:** the date upon which the principal or stated value of an investment becomes due and payable.

**Nationally Recognized Statistical Rating Organization (NRSRO):** A credit rating agency which issues credit ratings that the U.S. Securities and Exchange Commission (the "SEC") permits other financial firms to use for certain regulatory purposes. Several examples include Moody's Investor Service, Standard & Poor's and Fitch Ratings.

**Portfolio:** collection of securities held by an investor.

**Primary Dealer:** a group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

**Rate of Return:** the yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

**Repurchase Agreement (RP or REPO):** an agreement under which the holder of securities sells these securities to an investor with a commitment to repurchase the securities at a fixed price on a fixed date. The security's "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this.

**Safekeeping:** a service rendered by banks for a fee whereby securities and valuables of all types and descriptions are held by the bank for protection.

**SEC Rule 15C3-1:** see "Uniform Net Capital Rule".

**Securities and Exchange Commission ("SEC"):** agency created by Congress to protect investors in securities transactions by administering securities legislation.

**Treasury Bills:** a non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

**Treasury Bonds:** long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

**Treasury Notes:** medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

**Uniform Net Capital Rule:** Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**Yield:** the rate of annual income return on an investment, expressed as a percentage. Income/current yield is obtained by dividing the current dollar income by the current market price for the security. Net yield or yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Resolution 17-12

RESOLUTION AUTHORIZING THE ACQUISITION OF TERMINAL OPERATING EQUIPMENT IN THE AGGREGATE PRINCIPAL AMOUNT UP TO \$37,000,000 THROUGH ONE OR MORE FINANCING PROGRAMS; ESTABLISHING GUIDELINES AND STANDARDS AND DELEGATING TO THE EXECUTIVE DIRECTOR OF THE AUTHORITY RESPONSIBILITY FOR FIXING THE PRINCIPAL AMOUNT, THE TERM, THE INTEREST RATES, THE REPAYMENT PROVISIONS AND OTHER DETAILS OF SUCH FINANCING PROGRAM; AND AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE OR OTHER SUCH AGREEMENT EVIDENCING THE FINANCING PROGRAM.

WHEREAS, the Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") has heretofore adopted Resolution No. 16-9 (the "Bond Resolution"), which in Section 510 authorizes the issuance of Subordinate Obligations; and

WHEREAS, pursuant to Item 454, B.11 of the 2015 Virginia Acts of Assembly – Chapter 665, the General Assembly of the Commonwealth of Virginia has authorized the acquisition by the Authority of terminal operating equipment at a total estimated cost of \$37,000,000 (the "Equipment Financing"); and

WHEREAS, the Authority has determined that in connection with the ongoing renovation of Norfolk International Terminals it is necessary to contract to purchase certain equipment including Ship to Shore Container Cranes, Rail Mounted Gantry Cranes, Rubber Tire Gantry Cranes, Shuttle Carriers, Reach Stackers, Top Picks, Empty Container Handlers, Yard Hustlers (UTRs), Bomb Carts and other such similar equipment (collectively, the "Equipment"), which Equipment may also be used at Portsmouth Marine Terminal, Richmond Marine Terminal and/or the Virginia Inland Port; and

WHEREAS, the Authority has entered into an Amended and Restated Deed of Facilities Lease Agreement, a Construction Authority Agreement and an Installment Sale Contract, each dated September 21, 2016, with Virginia International Gateway, Inc. (the "Senior Documents"); and

WHEREAS, the Senior Documents obligate the Authority to make payments of Senior Obligations to Virginia International Gateway, Inc.; and

WHEREAS, the Authority has issued, and there are currently outstanding in the aggregate principal amount of \$278,395,000, multiple series of its Port Facilities Revenue Refunding Bonds (the "Outstanding Bonds"); and

WHEREAS, the Equipment will be acquired pursuant to a financing program evidenced by a Master Equipment Lease Agreement and subsequent equipment lease schedules (the "Agreement"), between the Authority and Banc of America Public Capital Corp (the "Lessor"), to be dated the closing date thereof; and

WHEREAS, payments made by the Authority pursuant to the Agreement will be Subordinate Obligations under the Bond Resolution and, as such, subordinate as to payment from the Authority's Net Revenue to the Senior Obligations, the Outstanding Bonds and any other Bonds outstanding from time to time under the Bond Resolution; and

WHEREAS, the Board has found and determined that the obligations that will be evidenced by the Agreement 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; and

WHEREAS, the Board has determined that it is necessary to delegate to the Executive Director the authority to approve the form of the Agreement, execute the Agreement and approve the aggregate principal amount, the term, the interest rates, the repayment provisions and other details thereof that have not yet been finalized, but subject to the parameters established hereby.

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

Section 1. Authorization of the Obligations Evidenced by the Agreement as Subordinate Obligations. (a) Pursuant to Section 510 of the Bond Resolution, the Authority is hereby authorized to acquire the Equipment pursuant to the Agreement and to pay the costs incident thereto in an aggregate principal amount not to exceed \$37,000,000.

(b) The Agreement and the obligations of the Authority pursuant to the Agreement will be Subordinate Obligations.

(c) Pursuant to the Bond Resolution, the Authority hereby confirms the appointment of Bank of America, Norfolk, Virginia, as Depositary for amounts deposited to the Subordinate Obligations Fund referred to in Section 510 of the Bond Resolution.

Section 2. Terms of Agreement. The Executive Director is hereby authorized, if the Authority's Financial Advisor shall so recommend, to accept an offer of the Lessor to provide financing for the Equipment in the form of the Agreement whereby such Agreement:

(i) shall be for a term not to exceed September 30, 2020; and

(ii) shall provide for the interest portion of the payments made thereunder to be calculated using a rate per annum not to exceed 4.5% for tax-exempt lease payments and 6.0% for taxable lease payments.

Section 3. Approval of Agreement. The Executive Director is hereby authorized to approve the form of the Agreement. The execution and delivery of the Agreement in accordance with Section 2 hereof by the Authority is hereby authorized, and if the Executive Director shall accept the offer of the Lessor, the Agreement shall be executed in the manner therein set forth to evidence the acceptance by the Authority of such offer.



Section 4. Official Intent. The Authority intends that the proceeds from the Equipment Financing be used to pay or reimburse the Authority for the payment of any expenditures made after the date of this Resolution or made within 60 days prior to the date of this Resolution with regard to expenditures incurred in connection with the Equipment. The Authority intends to make a reimbursement allocation, which is a written allocation by the Authority that evidences the Authority's use of proceeds of the Equipment Financing to reimburse an expenditure, no later than 18 months after the later of the date on which the expenditure is paid or the Equipment is placed in service or abandoned, but in no event more than three years after the date on which the expenditure is paid. The Authority recognizes that exceptions are available for certain "preliminary expenditures," costs of issuance, and certain *de minimis* amounts. Each expenditure will be, unless otherwise approved by Williams Mullen, the Authority's approved bond counsel, either (a) of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the expenditure), (b) a cost of issuance with respect to the Equipment Financing, or (c) a nonrecurring item that is not customarily payable from current revenues. The Board intends that the adoption of this Resolution confirms the "official intent" of the Authority within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

Section 5. Tax Covenant. The Authority covenants that it will comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that interest portion of the payments on tax-exempt lease payments made to the Lessor pursuant to the Agreement do not become includable in gross income of the Lessor for federal income tax purposes under the Code.

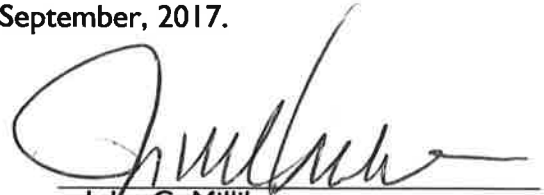
Section 6. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority are hereby ratified and confirmed. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may in their discretion deem necessary or proper in connection with the Agreement.

Section 7. Other Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

Section 8. Effective Date. This Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

**PASSED AND ADOPTED** this 26th day of September, 2017.

A large, stylized handwritten signature in black ink, likely belonging to John G. Milliken, positioned above a horizontal line.

John G. Milliken  
Chairman

Attest:

A handwritten signature in black ink, likely belonging to Debra J. McNulty, positioned above a horizontal line.  
Debra J. McNulty  
Secretary

34306355\_6

## **RESOLUTION 17-13**

### **RESOLUTION AUTHORIZING TRANSFER TO THE REVENUE STABILIZATION FUND CREATED UNDER RESOLUTION 16-9.**

WHEREAS, the Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") has heretofore adopted Resolution No. 16-9 (the "Bond Resolution"); and

WHEREAS, pursuant to Section 509 of the Bond Resolution, a special fund designated the Revenue Stabilization Fund has been created with the Trustee; and

WHEREAS, under the Bond Resolution, the Revenue Stabilization Fund shall be maintained in an amount not to exceed \$40,000,000 (the "Revenue Stabilization Fund Cap"); and

WHEREAS, the Authority now desires to transfer funds from the Residual Fund to the credit of the Revenue Stabilization Fund such that the Revenue Stabilization Fund shall contain funds in the aggregate amount of the Revenue Stabilization Cap.

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

Section 1. Revenue Stabilization Fund. As of August 31, 2017, the Revenue Stabilization Fund contained funds in the aggregate amount of \$29,092,649.67. The Authority is hereby authorized to transfer funds from the Residual Fund to the credit of the Revenue Stabilization Fund such that the Revenue Stabilization Fund shall contain funds in the aggregate amount of the Revenue Stabilization Cap.

Section 2. 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 transfer to the Revenue Stabilization Fund.

Section 3. Other Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

[Signatures on following page.]

**[SIGNATURE PAGE TO VIRGINIA PORT AUTHORITY RESOLUTION #17-13]**

PASSED AND ADOPTED this 26th day of September, 2017.

  
John G. Milliken  
Chairman

Attest:

  
Debra J. McNulty  
Secretary

34482125\_2

## **RESOLUTION 17-14**

### **RESOLUTION AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO A CONTRACT FOR THE ACQUISITION OF FIFTEEN (15) CONTAINER LIFT TRAILER SYSTEMS FOR VIRGINIA INTERNATIONAL GATEWAY (VIG)**

#### **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 Virginia International Gateway ("VIG"). These improvements include the purchase of fifteen (15) container lift trailer systems for use at VIG (the "VIG Translifters") to support terminal operations upon implementation of the ongoing VIG Phase II expansion project.

The VIG Translifters will be owned by Virginia International Gateway, Inc. The purchase of the VIG Translifters 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 Translifters. Upon evaluation of the proposals submitted in response to the RFP, it was determined that the proposal by NT Liftec Oy. ("Liftec"), a Finnish company, 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 Liftec for the procurement of the VIG Translifters. The contract for the VIG Translifters shall provide for them to be delivered for a price up to U.S. \$2,625,000.00.

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 Translifters from Liftec (hereinafter the "VIG Liftec Contract") consistent with the foregoing Recitals.

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

Section 1. Approval of VIG Liftec Contract. The execution and delivery of the VIG Liftec 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 VIG Liftec Contract on behalf of the Authority. The execution of the VIG Liftec Contract by the Executive Director shall be conclusive evidence of the Authority's approval of the VIG Liftec 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.

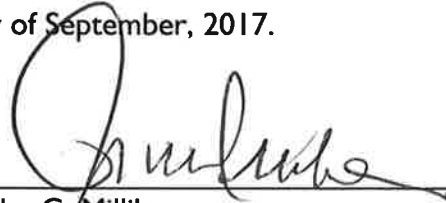
Section 2. Ratification; Further Action. All actions previously taken by the Commissioners, officers, and staff of the Authority in furtherance of the VIG Liftec Contract are hereby ratified and confirmed. The officers and employees of the Authority are hereby authorized to take such actions, and deliver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

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 # 17-14]**

PASSED AND ADOPTED this 26<sup>th</sup> day of September, 2017.

A handwritten signature in black ink, appearing to read "J. 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

# July 2017 Financial Report

Rodney W. Oliver  
Chief Financial Officer





# OPERATING REVENUES AND EXPENSES:

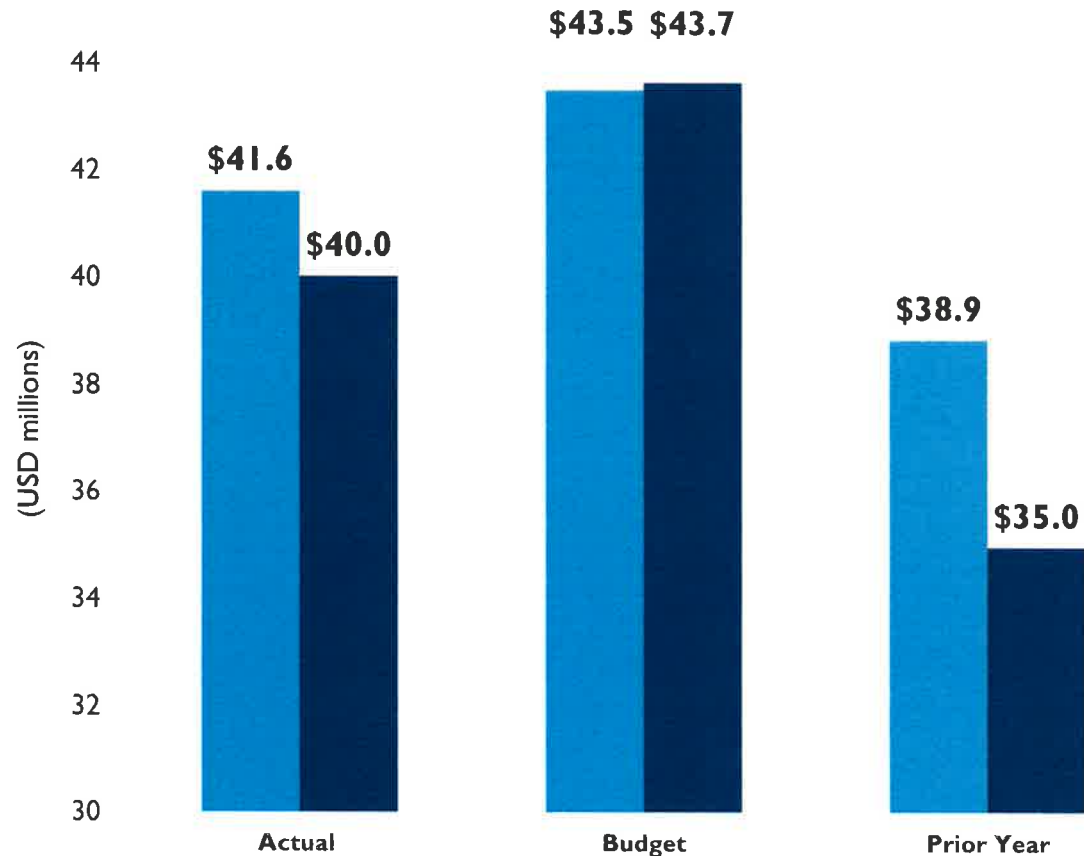
## For the Month Ended July 31, 2017

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

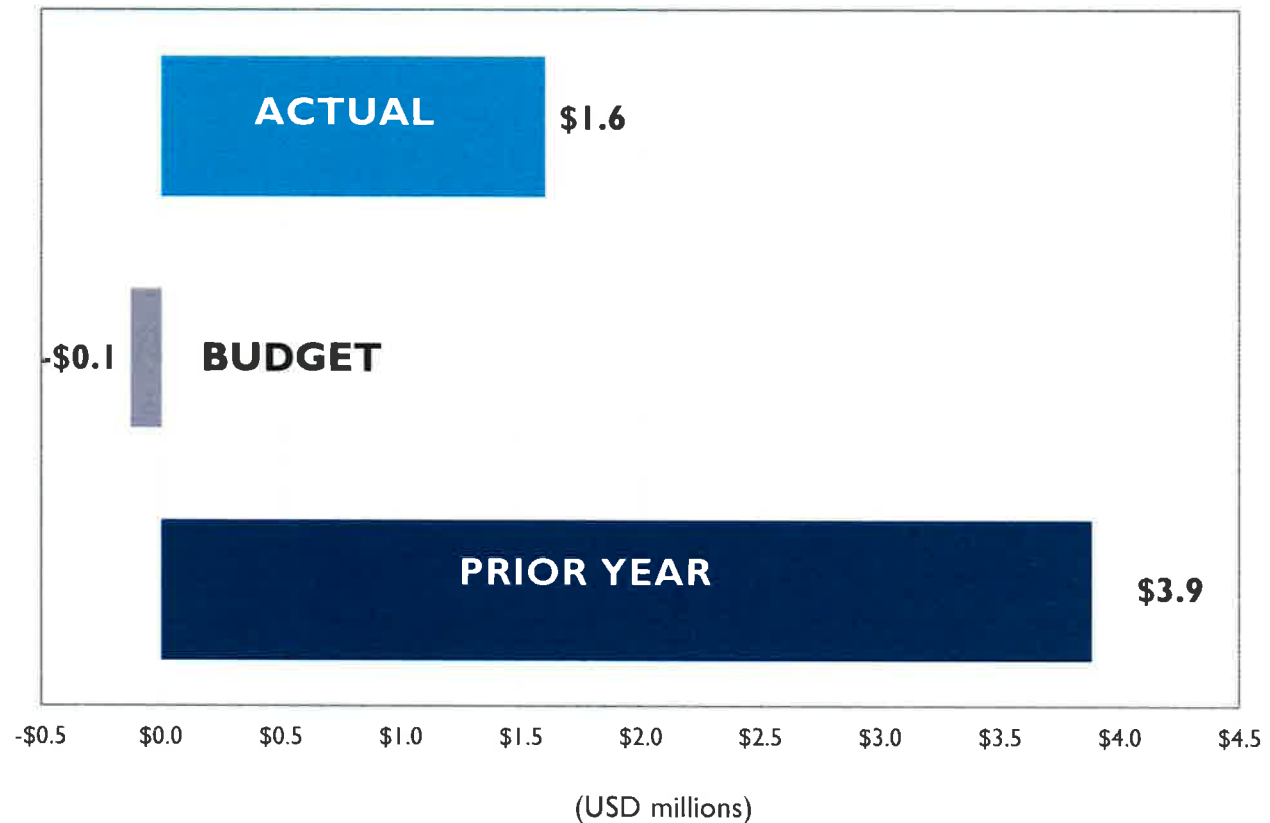


# OPERATING INCOME (LOSS):

## For the Month Ended July 31, 2017

Favorable to  
Budget and  
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

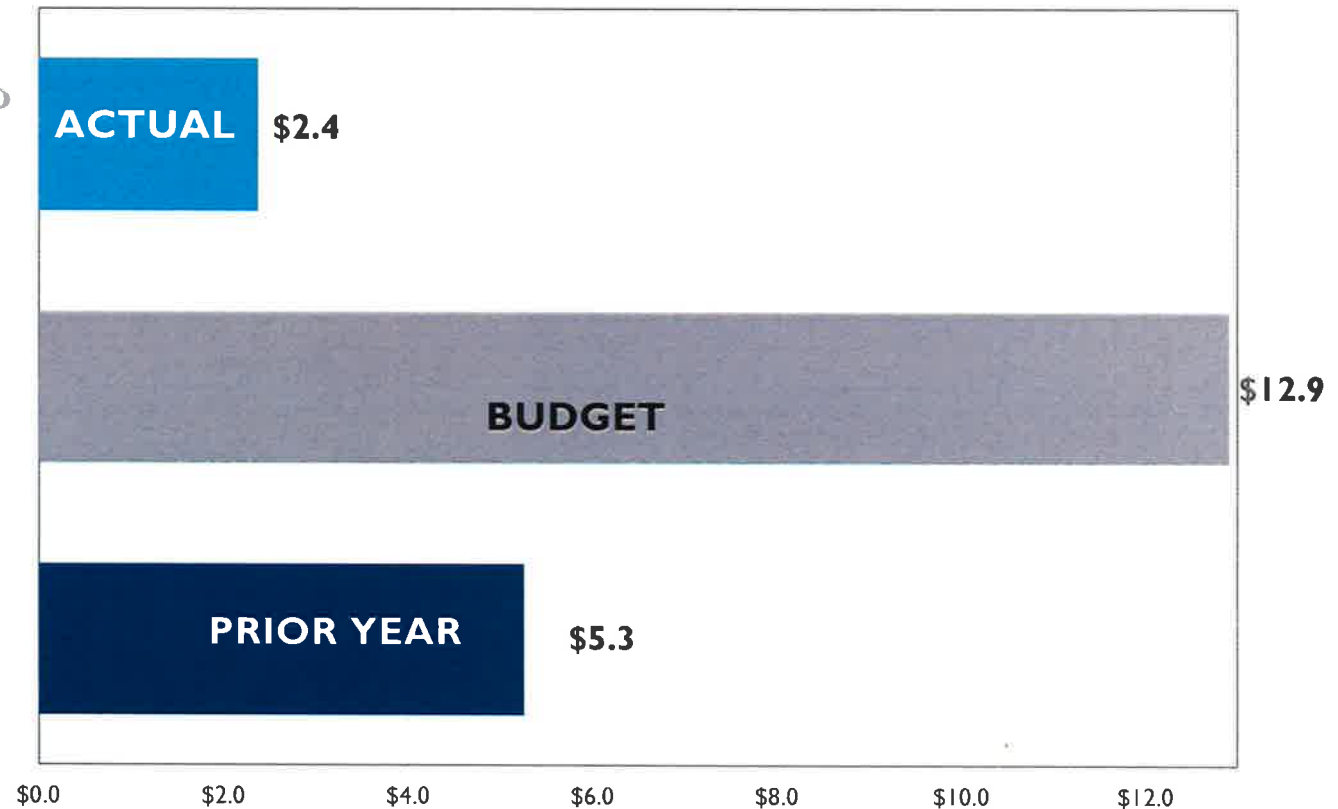


# CHANGE IN NET POSITION:

## For the Month Ended July 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



# POV FY STATISTICS

Fiscal Year-to-Date: Jul - Aug 2017

|                               | FY 2017          | FY 2018          | Change        | % Change     |
|-------------------------------|------------------|------------------|---------------|--------------|
| <b>Total TEUs</b>             | <b>453,421</b>   | <b>474,835</b>   | <b>21,414</b> | <b>4.7%</b>  |
| Export Loaded TEUs            | 161,605          | 151,133          | (10,472)      | -6.5%        |
| Export Empty TEUs             | 77,590           | 96,919           | 19,329        | 24.9%        |
| Import Loaded TEUs            | 207,374          | 222,403          | 15,030        | 7.2%         |
| Import Empty TEUs             | 6,853            | 4,380            | (2,472)       | -36.1%       |
| <b>Total Containers</b>       | <b>257,143</b>   | <b>270,930</b>   | <b>13,787</b> | <b>5.4%</b>  |
| <b>General Cargo Tonnage</b>  | <b>3,459,299</b> | <b>3,487,212</b> | <b>27,913</b> | <b>0.8%</b>  |
| Container Tonnage             | 3,429,547        | 3,457,101        | 27,554        | 0.8%         |
| Breakbulk Tonnage             | 29,752           | 30,111           | 359           | 1.2%         |
| <b>Total Rail Containers</b>  | <b>95,073</b>    | <b>94,627</b>    | <b>(446)</b>  | <b>-0.5%</b> |
| VIP Containers                | 6,288            | 5,995            | (293)         | -4.7%        |
| <b>Total Barge Containers</b> | <b>7,575</b>     | <b>7,914</b>     | <b>339</b>    | <b>4.5%</b>  |
| RMT Containers                | 3,319            | 3,659            | 340           | 10.2%        |
| <b>Total Truck Containers</b> | <b>154,495</b>   | <b>168,389</b>   | <b>13,894</b> | <b>9.0%</b>  |
| <b>Ship Calls</b>             | <b>319</b>       | <b>296</b>       | <b>(23)</b>   | <b>-7.2%</b> |
| <b>Vehicle Units</b>          | <b>6,007</b>     | <b>6,488</b>     | <b>481</b>    | <b>8.0%</b>  |

# CYTD 2017 ECONOMIC DEVELOPMENT

**30 ANNOUNCEMENTS**



**MORE THAN 2,523,000 SQ. FT.  
OF SPACE**



**CREATED  
3171 JOBS**

**INVESTED MORE  
THAN \$520 MILLION**



*Source: POV Economic Development 9/2017*



*Stewards of Tomorrow*

## John F. Reinhart Closing Remarks - VPA Board Meeting – September 26, 2017

- Thank you Chairman, Secretary, Commissioners, Colleagues and Guests
- We have discussed the progress made over the summer by the POV. It has been a very busy and productive summer.
- On the colleague frontline have accelerated our talent development initiatives and building aligned leaders across the organization for the future.
  - Safety of our colleagues remains our top priority and we are building our safety culture.
  - Performance management efforts continue to take root across the organization.
  - We are building colleague engagement and our collaborative and competitive spirit.
  - Our team is stronger, capable and focused
- Operational Performance
  - Solid progress on all metrics
  - Effective solutions for peak season
  - Keeping pace with larger vessels and increased volume
  - Resilient, reliable, proactive
- Economic Development
  - Building momentum
  - Coordination with VEDP, GO Virginia, Regional Economic Development
- Fiscal Responsibility
  - Continuing to deliver results
  - Improving processes and reporting
  - Being good stewards
- Port Position
  - Building the two major projects to add 1 million containers to our capacity
  - Advancing 55' deeper, wider, safer
  - CBRE Seaport & Logistics report on top 15 ports - #5 up from #9 in 2016
  - Branding and marketing positive messaging
- Sales
  - We will meet on October 19 for a review of our Strategic Growth Plan
  - Building market share
  - Improving customer service

➤ Diversifying our product offerings

- Every area of the port has continued to strengthen. The team is performing at a high level and we are delivering across the board. We are moving faster, safer, efficiently and effectively.
- Next board meeting schedule - December 4 and 5