

## **MINUTES**

### **MEETING - Board of Commissioners - Session 383**

Virginia Port Authority

600 World Trade Center

Norfolk, Virginia

Tuesday, December 5, 2017

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The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its regular meeting on December 5, 2017 (rescheduled from November 28), in VPA's Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m. The following were then in attendance:

#### Commissioners:

John G. Milliken, Chairman

John N. Pullen, Vice Chairman

Jennifer D. Aument

J. William Cofer

Alan A. Diamonstein

Manju S. Ganeriwala, State Treasurer

Val S. McWhorter

Stephen Moret

Faith B. Power

Kim Scheeler

Louisa M. Strayhorn

Deborah C. Waters

F. Blair Wimbush

#### VPA Staff:

John F. Reinhart, CEO and Executive Director

James Bibbs, Chief Human Resources Officer

Rodney W. Oliver, Chief Financial Officer

Cathie Vick, Chief Public Affairs Officer

Joseph P. Ruddy, Chief Innovation Officer

Sarah McCoy, General Counsel

Matthew Barnes-Smith, Sr. Vice President, Administration Services & Compliance

Russell Held, Vice President, Economic Development

Jay Stecher, Vice President, Marketing & Communications

Christopher "Kit" Chope, Vice President, Sustainability & Process Excellence

Daniel Hendrickson, Vice President, Strategic Planning & Analytics

VPA Staff (continued):

Joe Harris, Senior Director, Media Relations  
Andrew Sinclair, Director, Federal Government Affairs  
Ron Green, Director, Process Excellence  
Carla Welsh, Director, Creative Services & Brand Management  
Bevan Calo, Manager, Digital Media & Traffic  
Debra J. McNulty, Secretary to the Board

Virginia International Terminals LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer  
Shawn Tibbetts, Chief Operations Officer

Guests:

W. Brice Fiske, Office of the Attorney General  
Bryant McGann, Vandeventer Black LLP  
Arthur W. Moye, Jr., Virginia Maritime Association  
David White, Virginia Maritime Association  
JoAnne Carter, PFM Financial Advisors LLC  
Michael Garber, PBMares  
Frank Borum, Atlantic Intermodal Services, LLC  
Paul Olsen, Old Dominion University  
Michelle Wharton, Kimley-Horn  
Robert Alger, Lane Construction  
William 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.

**I. Approval of Minutes**

**Action:** At the request of Chairman Milliken, the minutes of the regular meeting held September 26, 2017, were unanimously approved, as circulated.

**II. Reports of Committees**

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

Chairman Milliken reported that the Executive Committee met in closed session to discuss future business prospects and that there were no actions taken.

The Chairman reviewed Memorandums of Board Action that were contained in the agenda briefing documents which describe actions taken by the Chairman and Chair of the Finance and Audit Committee, pursuant to VPA Bylaws Section 3.4.I, authorizing the Executive Director to execute contracts. Chairman Milliken mentioned each of the following projects:

1. VIG gate expansion and rail portal contract with The Asturian Group, Inc. - \$3.9 million
2. Order for 20 Utility Tractor Rigs (“UTR”) with Gregory Poole Equipment Company - \$2.3 million
3. Vector Resources, Inc. Master Service Agreement for the design and implementation of the fiber optic infrastructure to support the online integration of the new container stacks at VIG II and South NIT (SNIT) - \$6 million
4. Authorization to enter into a Master Service Agreement with Navis, LLC, for expansion of the Port’s Terminal Operating System - \$5 million
5. Authorization for the Rail Mounted Gantry cranes (RMGs) Refurbishment Program – not in excess of \$7 million

Chairman Milliken explained the importance of not allowing these time-sensitive procurements to languish between board meetings for the expansion projects that are underway at South NIT and VIG II.

Mr. Reinhart explained that the cost of the RMG refurbishment was previously approved in the Fiscal Year 2017 Capital Budget by the Board of Commissioners in May 7, 2016, and that the Port anticipated using existing employees rather than the Original Equipment Manufacturer (OEM), thereby saving potential cost increases and markups on OEM contractors.

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

Mr. Wimbush reported that the Finance and Audit Committee met in closed session on the afternoon of December 4<sup>th</sup> and received presentations from the Port’s auditors on the fiscal year end June 30, 2017 audits, and presentations from Port management on the financial results through September 30, 2017 along with relative financial trends, an update on progress on the financial system replacement project, Risk Management, Small, Women, and Minority (SWaM) procurements, and other initiatives.

Mr. Wimbush announced that financial results have been very positive and he reported that the Port's management team advised that the port is facing potential headwinds in the last half of the fiscal year due to construction and related service movements.

Mr. Wimbush reported that the Committee received a briefing on the financial system replacement project which has been divided into two distinct projects - billing system implementation and implementation of the remaining core financial modules. The billing system implementation will start with an observation and analysis engagement which will begin in the latter half of December and last through January. Implementation is expected to begin shortly thereafter.

Mr. Wimbush advised that PeopleSoft was determined by Port management to be the appropriate financial system for the core financial modules and the team has issued a solicitation for a system integrator to facilitate implementation.

Mr. Wimbush reported that Risk Management provided an overview of an on-line claims submission process which is expected to streamline and improve customer service. The Committee also received information on the latest SWaM business activities. He mentioned that management noted the significantly improved SWaM results for the 1<sup>st</sup> quarter of the fiscal year, coming in at 36.42% of eligible SWaM spending.

Mr. Wimbush reported that the Committee was also briefed on the creation of Master Service Agreements, improved signatory authority process, and an asset management discussion.

**Report on FY17 Year-End Audits of VPA and Virginia International Terminals, LLC (VIT)**

Mr. Garber reported that PBMares issued clean unmodified opinions on the fiscal year-end audited financials of VPA and VIT (June 30, 2017). He noted that the audit also included internal control compliance which included a third clean opinion on federal grant award expenditures. Mr. Garber announced that VPA's and VIT's financials received the highest opinion that PBMares could issue.

Mr. Garber complimented the quality of the Port's staff which he said greatly enhanced the audit process and that PBMares received information efficiently and on time.

Chairman Milliken and Mr. Wimbush complimented the finance team and management staff for their efforts. Mr. Oliver thanked Mr. Garber and remarked that it was a "heavy lift" audit with

the inclusion of the VIG lease and debt defeasements. Mr. Oliver noted that the audit was completed nine days early.

Mr. Reinhart thanked the Board for approving the restructuring of the Port's business model and he also thanked Mr. Oliver and his team for their efforts.

**VPA and VIT Combined Financial Reports for the Month Ended September 30, 2017 (FY18)**

Mr. Oliver presented the September 2017 (FY18) financial report and reviewed operating revenue and expenses, operating income (loss), and change in net position for the month and for the fiscal-year-to-date results (three months).

Mr. Oliver reported that operating expenses for the month of September were \$900,000 below budget expectations despite the higher volumes. He announced that operating income for the month of September was slightly below \$700,000.

Mr. Oliver explained that net position for the month was significantly below budget expectations due to the timing of the receipt of funds for South NIT construction. He reported that major construction at the terminal is scheduled to begin in January.

Mr. Oliver reviewed the first three months of the fiscal year through September 30, and he reported that revenue was below budget expectations due to timing with some volume tiers in ship line contracts as well as some new contracts that went into effect. He explained that revenue was also affected by lower loaded container and empty container storage as a result of the Port's efforts to mitigate the number of empty containers on the terminals. Mr. Oliver mentioned that federal TIGER grant funding for the NIT North Gate project and funding to begin work on the 55- and 45-foot channel dredging during the first three months of last year also affected the budget.

Overall, Mr. Oliver announced that the Port's change in net position is \$4.3 million ahead of budget expectations for the first three months of the fiscal year, with \$1.3 million in positive operating income for the first three months, taking into account that rent and depreciation expenses increased in prior year.

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

Chairman Milliken announced that volumes for the second half of the fiscal year are expected to be strong, however, he cautioned that the two major construction projects at South NIT and VIG II will affect revenue as cargo is shifted to PMT.

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

Mr. Diamonstein reported that the Growth and Operations committee met in closed session yesterday and heard from Ron Babski, Vice President, Health and Safety, who provided an overview of the Port's efforts to identify hazards, develop and implement solutions, and motivate participation through the POV Terminal Safety Infraction Program (TSIP). Mr. Babski also reviewed Lost Work Day (LWD) rates.

Mr. Diamonstein reported that Mr. Tibbetts briefed the Growth and Operations Committee on the reefer services area, (very busy) peak season, service movements, equipment deployments, empty evacuations, and productivity metrics at each terminal. He announced that the Committee also heard reports from Cathie Vick, who provided an update on maintenance dredging and berth repairs at PMT; Rich Ceci, Senior Vice President of Technology and Projects, who updated committee members on the Port's two major projects that are ongoing at South NIT and VIG II, and Sarah McCoy, General Counsel, reviewed legal matters.

**I. Safety/Operations Report**

Mr. Tibbetts reported year-to-date LWDs (through October 31) per 200,000 work hours was 1.85 LWDs compared with the industry average of 3.3 for 2016. He credited the success of the Port's safety program to the Terminal Safety Infraction Policy (TSIP), the 5:1 Program, and expanded equipment video surveillance capabilities.

Mr. Tibbetts reviewed rail and gate/barge volumes at NIT and VIG as well as gate turn times at all three container terminals (NIT, PMT, and VIG). He reported that POV has been handling increased volume due to peak season which, he said, is starting earlier and ending later than normal peak.

Mr. Tibbetts reviewed rail dwell times and he announced that the port has seen some of the best rail dwell it has ever seen, which he said was a significant improvement over last year.

Mr. Tibbetts reported that NIT gate turn-times have been below metrics and has responded well to the increased traffic, however, there are challenges at VIG due to the high volumes. Mr. Tibbetts explained several operational changes that have taken place at VIG to respond to the truck traffic.

Mr. Tibbetts reported that an RTG (rubber tired gantry crane) was just added at PMT and he reviewed traffic at the new NIT North Gate. Mr. Reinhart announced that the new I-564

interchange that will run directly to the NIT North Gate opens December 21, which will allow POV to handle more cargo and alleviates truck traffic on Norfolk's Hampton Boulevard.

With regard to the truck reservation system, Mr. Tibbetts advised that the Port is ready to roll out the reservation program incrementally and will continue to work with Frank Borum (who was present) and other motor carrier partners.

Ms. Strayhorn commended Mr. Tibbetts and his team on the safety program and she asked how POV compared with other ports. Mr. Tibbetts explained how POV benchmarks against industry standards, conducts internal audits and also benchmarks and shares experiences with other ports.

Mr. Tibbetts concluded with a report on net cranes moves, explaining challenges associated with ultra large container ships and factors that slow productivity.

## 2. Sales Report

Mr. Diamonstein reported that the Growth and Operations Committee heard from Tom Capozzi, Chief Sales Officer, who reported on POV's application process for the London Metals Exchange (LME) program and the cold treatment pilot program for The Port of Virginia. He mentioned that Mr. Capozzi reported on negotiations to secure new ship lines services, beneficial cargo owners (or BCOs), commodity updates, and the latest railroad news.

Mr. Capozzi reviewed highlights of the fiscal year-to-date statistics at this time (July-October). A copy of that information is attached. He mentioned that the Growth and Operations Committee met in closed session in October to review the Port's confidential Strategic Growth Plan (SGP), which is on target.

Mr. Capozzi reviewed POV's four-year volume history that indicated FY18 was trending towards 2.93% growth compared to 2.76% in FY17. He reported that the four-year period reflects 4.91% compounded annual growth.

Mr. Capozzi reported that barge services increased by 19.9% and vehicles at Newport News Marine Terminal (NNMT) increased 24%. He announced that NNMT recently handled the shipment of infrastructure for the construction of a methanol plant destined for West Virginia, with a potential for more shipments of this nature over the next few years.

Mr. Capozzi reported on his visit with Mediterranean Shipping and CMA-CGM in October and reported that CMA-CGM signed a new five-year contract with the Port. He also described several industry events that were attended by sales associates in Asia with Hyundai and a new

ship line service - "SM Line" – that may offer some new services this spring. Sales associates also attended the Pulp and Paper International Transport Symposium in Atlanta, TransPacific Maritime Asia Conference in China and Breakbulk Americas in Houston.

### 3. Innovation Report

Mr. Diamonstein introduced Mr. Stecher, Vice President of Marketing and Communications, who presented initiatives in the Marketing and Communications (MARCOM) division.

Mr. Stecher described the Baldrige Excellence initiative as an organizational blueprint that will encourage alignment and integration of people, processes, and infrastructure to maintain operational excellence throughout The Port of Virginia. He reported that a cross-divisional team was chosen to interview the leadership team to find ways to enhance performance across all aspects of the organization. Mr. Stecher advised that colleagues are scheduled to present their findings and recommendations to the Port's leadership in the spring.

Mr. Stecher provided an update on MARCOM's messaging efforts for the first quarter of FY18 which resulted in 383 mentions and earned media valued at \$559,000. He described types of advertising, media awareness, and POV branding initiatives. As for paid media, Mr. Stecher named several publications that are produced such as "*Channel Markers*" news and the FY2017 Annual Report which was distributed with the "*Inside Business*" publication. He also described media efforts to reach mid-West markets in support of the Port's Strategic Growth Plan.

### Projects Update

Mr. Ruddy presented an update on the Port's major projects and announced that all are within budget and on schedule with the exception of the VIG N4 conversion. He described the N4 testing procedures which, he said, have been successful with no disruption to customers. The next critical N4 testing date is December 17<sup>th</sup>.

Mr. Ruddy presented updated photos of the VIG II stack yard, rail yard, and wharf extension. He announced that stack numbers 27, 28, and 29 will be delivered on April 9 and stack numbers 24, 25, and 26 are due to be delivered on May 10. Mr. Ruddy reported that 76% of the piles for the wharf are in place.

Mr. Ruddy reviewed progress at the rail yard and reported delivery of the south rail bundle to operations is scheduled for June 1, then work will begin on the north bundle.



Mr. Ruddy presented a photo of a rail mounted gantry crane and announced that the first set is scheduled to be delivered February 2, 2018. He also presented a photo of the shuttle trucks that are being developed at the Kalmar plant in Poland.

Mr. Ruddy announced that South NIT construction has begun and he described the phased approach planned for SNIT and he concluded with a review of project timelines, and highlighted the following:

18-Month Horizon:

December 17, 2017 – VIG N4 gate test

April 9 and May 10, 2018 – Delivery of stacks to VIG

April 30, 2019 - VIG II Completion

3-Year Horizon:

May 28, 2020 - South NIT Completion (after final delivery of stacks in early April)

At the request of Mr. Diamonstein, Mr. Ruddy presented Resolution 17-15, and described the purpose for an amended Construction Management Services contract for additional services to be performed in furtherance of VIG II, as detailed in the resolution. Mr. Ruddy reported that CH2M Hill Engineers remains within scope of the project and within budget.

**Action:** Upon motion by Mr. Diamonstein, seconded by Mr. McWhorter, the VPA Board adopted Resolution 17-15 (13-0), authorizing the Virginia Port Authority to enter into Construction Management Contract documents for the expansion project at Virginia International Gateway.

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

Mr. Bibbs reported that the Port recently completed open enrollment for health benefits and that the overall increase was below five percent with no increases for dental or vision care.

Mr. Bibbs announced that the Port's United Way Campaign goal was \$30,000 by December 30 and, to date, colleagues pledged a total of \$25,597. He noted that colleagues were also involved with collecting donations for the Foodbank of Southeast Virginia and the Eastern Shore, with competition ongoing at all port facilities.

Mr. Bibbs briefly described each of the following leadership development programs offered to colleagues throughout the organization:

- Aspiring Leader Development Program (ALDP)
- Front-Line Leader Development Program (FLDP)

- Executive Development Program (EDP)

Mr. Bibbs described the Emotional Intelligence workshops and reported that one-third of the staff had completed the course within three months.

Mr. Bibbs reviewed recruitment metrics from January–October and reported that 28% were new hires and 72% were backfilled positions.

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

Ms. Vick presented on the First Responders Appreciation Week in November wherein appreciation brunches were held at PMT and NIT for local on and off-terminal first responders. Ms. Vick also announced that POV was one of two recipients of a Federal Highway Administration grant, in the amount of \$1.5 million, to help fund the implementation of the Pro-Pass automated gate and reservation system.

Ms. Vick reported that Congressmen Scott and Taylor facilitated a meeting with the Office of Management and Budget to discuss funding that was re-programmed for Craney Island wick drains in the south cell in the amount of \$3 million.

Ms. Vick announced that Chairman Milliken joined Port colleagues and customers in Washington D.C. to meet with legislators from the various state districts who sit on the committees for the Water Resources Development Act (WRDA) which is responsible for approving funding for the Army Corps for channel dredging and widening projects. Chairman Milliken emphasized that the message for legislators outside of Virginia should be that The Port of Virginia is the “gateway for America’s heartland”. Ms. Vick credited Dan Hendrickson’s analytics division for compiling the data to create district profiles of legislators as handouts.

Ms. Vick mentioned that POV also hosted House Appropriation and House Finance Committee members at the NIT operations tower during their retreat to Hampton Roads on November 15<sup>th</sup> and provided a port briefing on the South NIT construction plans and update on the channel General Re-evaluation Report (GRR) and Tentatively Selected Plan (TSP).

Ms. Vick presented 2017 calendar year-to-date economic development totals as follows:

- 38 Announcements
- 3,497 Jobs
- More than 2,898,000 square feet of space
- Invested more than \$666 million

Ms. Vick announced there were eight new business announcements since the last board meeting, with a trend towards manufacturing, and she briefly mentioned each expansion/relocation. She reported that the last port tax incentive grant to be issued in 2017 was presented by Mr. Diamonstein to Continental Automotive Systems, Inc. (Newport News) in the amount of \$417,000.

Ms. Vick reported that the Port will be announcing the 2018 tax incentives and grants in the January Economic Development newsletter that will include an article explaining the application process.

Mr. Wimbush asked about efforts to bring manufacturing opportunities to Southwest Virginia. Ms. Vick announced that Altech Industries (manufacturer of aerial trucks) previously announced its expansion in Botetort County. She affirmed that the Port and VEDP are collaborating to bring more business to include that the Southwest region of the Commonwealth with regard to infrastructure and site development needs as outlined in the Port's Strategic Growth Plan. Mr. Wimbush mentioned the community college system is also working on workforce development to bring economic growth to the Commonwealth.

Ms. Vick reported that POV hosted the Virginia Economic Development Association (VEDA) Conference in Virginia Beach that included port tours for several site selectors that also included a tour of several businesses on the Eastern Shore

Ms. Vick described the Green Operator Program, an incentive program for the motor carrier community to enhance their vehicles to lower emission engines, which resulted in over 450 trucks converted to date.

Ms. Vick reported on the Port's Maritime Incidence Response Team (MIRT) and Emergency Operations response/planning exercises that included training with Norfolk Fire Rescue. The Port received \$1.5 million in Homeland Security grants for cyber, facility security, cameras, and MIRT training. Ms. Vick reported that the Port also received an Urban Areas Security Initiative (UASI) grant for \$100,000 which will support maritime response training.

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

Mr. Reinhart thanked the Chairman, Commissioners, colleagues and guests, and provided the following closing remarks:

- Today is our final board meeting for 2017 and we approach the close of the first half of our fiscal year. This marks the 24th regular board meeting for my tenure and tomorrow we

will hold our 24th all colleagues meeting to share results, priorities, and developments and build alignment for The Port of Virginia.

- We presented the Audit Report, Comprehensive Annual Financial Report (CAFR) and FY2017 Annual Report, closing out a record volume and revenue year with a positive operating income. The reports were finalized earlier than previous years and show the growth of the POV and improved processes. A tribute to the stewardship of Rodney and our finance team on reporting and the entire organization on execution of our plans.
- Our Leadership Team gave good updates on our performance results for this fiscal year including safety, operations, sales, project governance, economic development, government relations, administration, innovation and human resources. The Leadership Team is doing good work across the enterprise and we are performing at a high level.
- We continue to operate at record volume levels while building the capacity for the future. This is a daunting task and challenges our organization and our colleagues continue to meet the challenges openly, transparently and collaboratively each day. Mitigating risk and safely evolving our port – thanks.
- Through October our volume, revenue and operating income are above budget and exceed prior year results for volume and revenue and trail slightly behind in operating income.
- This is a challenge for the remainder of the fiscal year and next year as we build out our facilities. We will manage the risk and invest our resources to deliver service and operate sustainably.
- We are tracking well on our Strategic Growth Plan as we reviewed in October.
- Coordination with VEDP and our future strategic focus is maturing well and we will review further in 2018.
- Later this week we will report our November volumes which are higher than prior year.
- Thank you Commissioners, Secretary Layne, Governor McAuliffe – we have achieved a great deal in four years. The foundation is in place as we enter 2018 and a new administration with Governor Northam.

In closing, Mr. Reinhart wished everyone happy holidays and a happy and healthy New Year. He also mentioned that copies of the Port's 2017 Annual Report were available.

Mr. Moret thanked everyone for making him feel welcome during his first year as a member of the Board of Commissioners and he also complimented Mr. Reinhart on his leadership and as a member of the VEDP board. Mr. Moret also remarked on the “tremendous” investment in The Port of Virginia by the Governor and Commonwealth and that he looked forward to a great year in 2018.

At this time, Mr. Diamonstein addressed Chairman Milliken and complimented him on his leadership and remarked that he was doing “an excellent job”. Mr. Diamonstein said, “...a lot of the success of this port was directly attributed to you” and he thanked Mr. Milliken for his chairmanship.

**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**

There being no further business and no public comments, the meeting adjourned at 10:34 a.m.

Respectfully submitted,



Debra J. McNulty  
Secretary to the Board

According to the VPA Bylaws, regular meetings of the VPA Board shall be held on the fourth Tuesday of January, March, May, July (annual meeting), September and November, unless otherwise previously agreed upon by the Board (start times scheduled for 9:00 a.m.).

**The 2018 schedule is as follows:**

January 23  
March 27  
May 22  
July 24

September 25

November 27

Committee meetings are scheduled on the Monday afternoon prior to Tuesday's Public Session.

## September 2017 Financial Report

Rodney W. Oliver  
Chief Financial Officer





# OPERATING REVENUES AND EXPENSES:

## For the Month Ended September 30, 2017

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

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

■ Operating Revenues

■ Operating Expenses



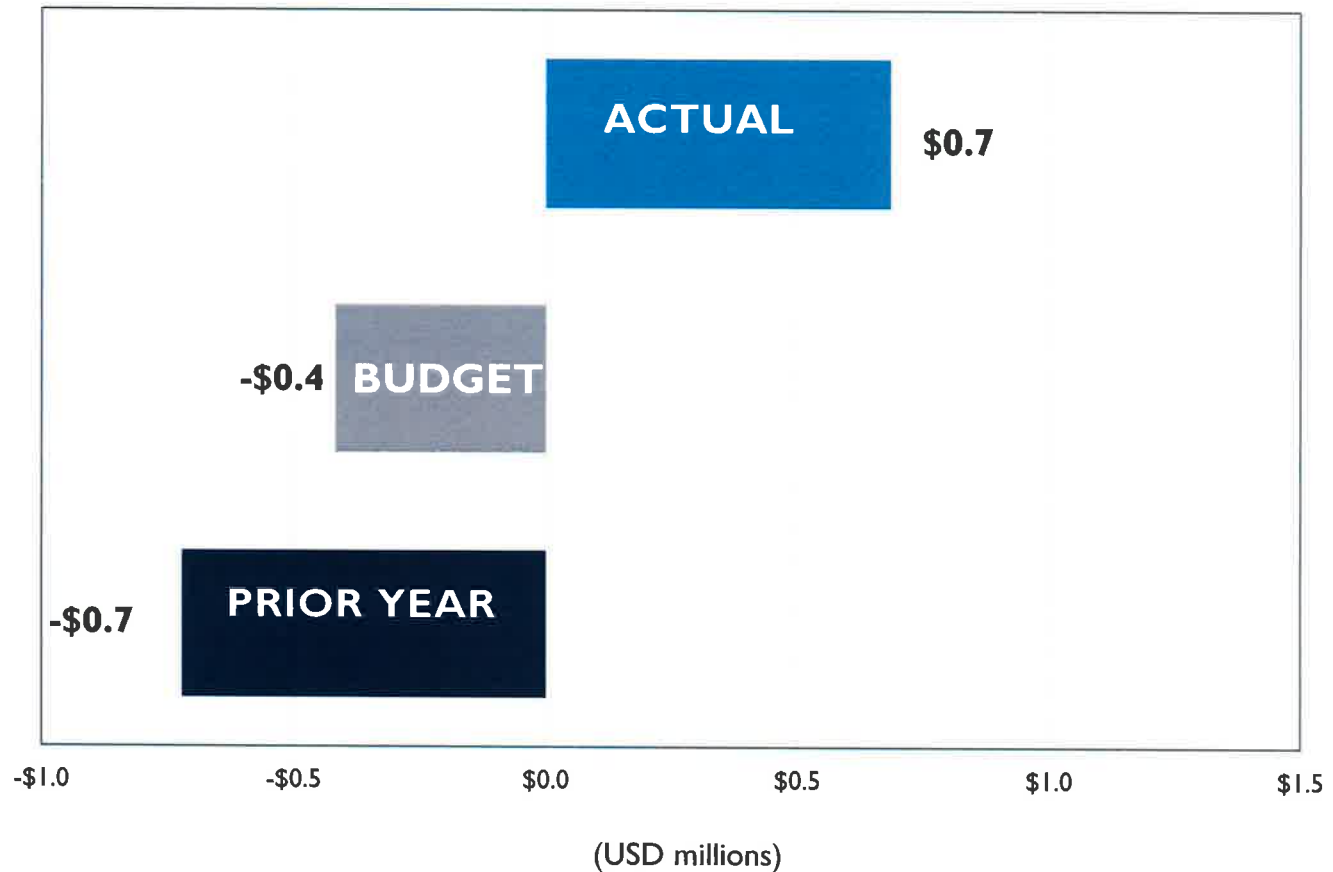


# OPERATING INCOME (LOSS):

## For the Month Ended September 30, 2017

Favorable to  
Budget and  
Prior Year

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

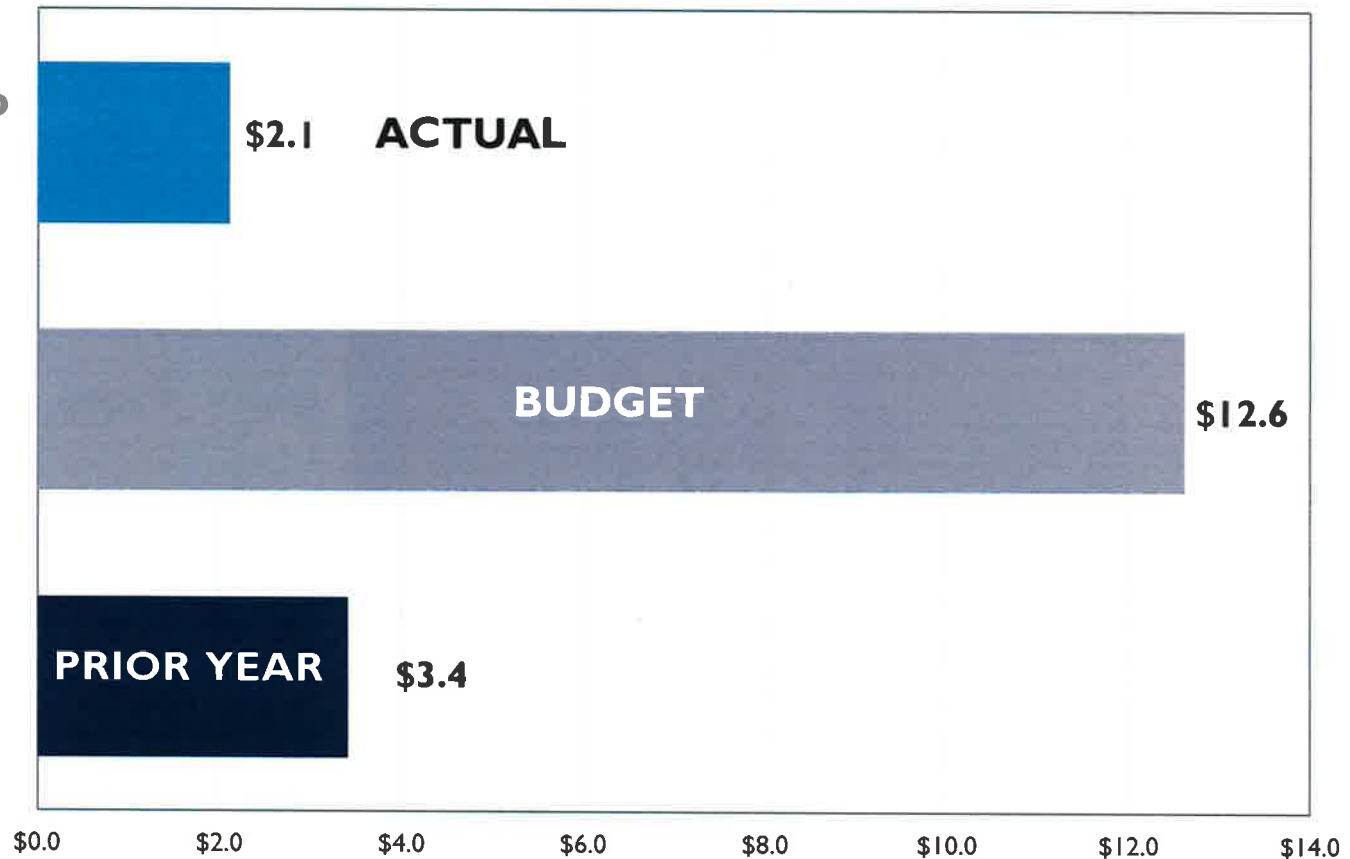


# CHANGE IN NET POSITION:

## For the Month Ended September 30, 2017

Unfavorable to  
Budget and  
Prior Year

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



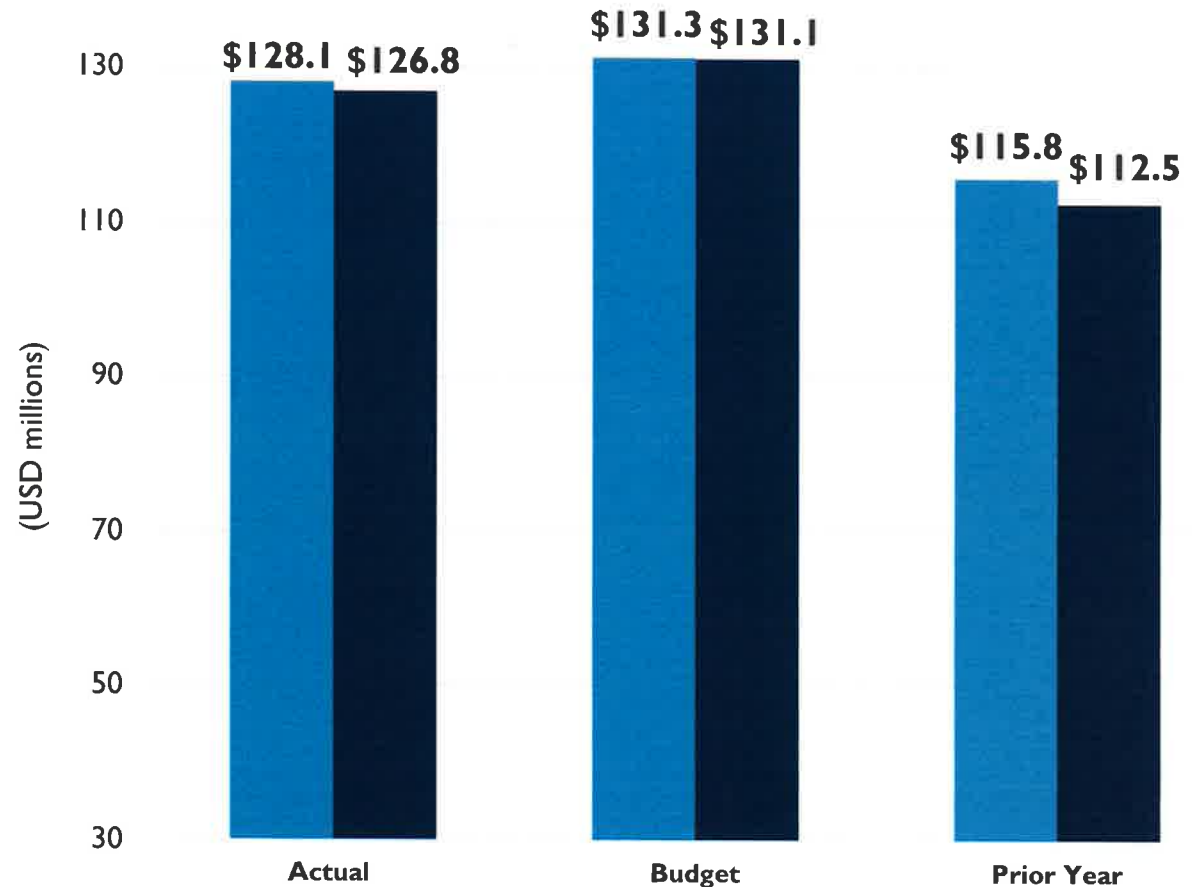
# OPERATING REVENUES AND EXPENSES:

## For the Three Months Ended September 30, 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 lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year

■ Operating Revenues  
■ Operating Expenses

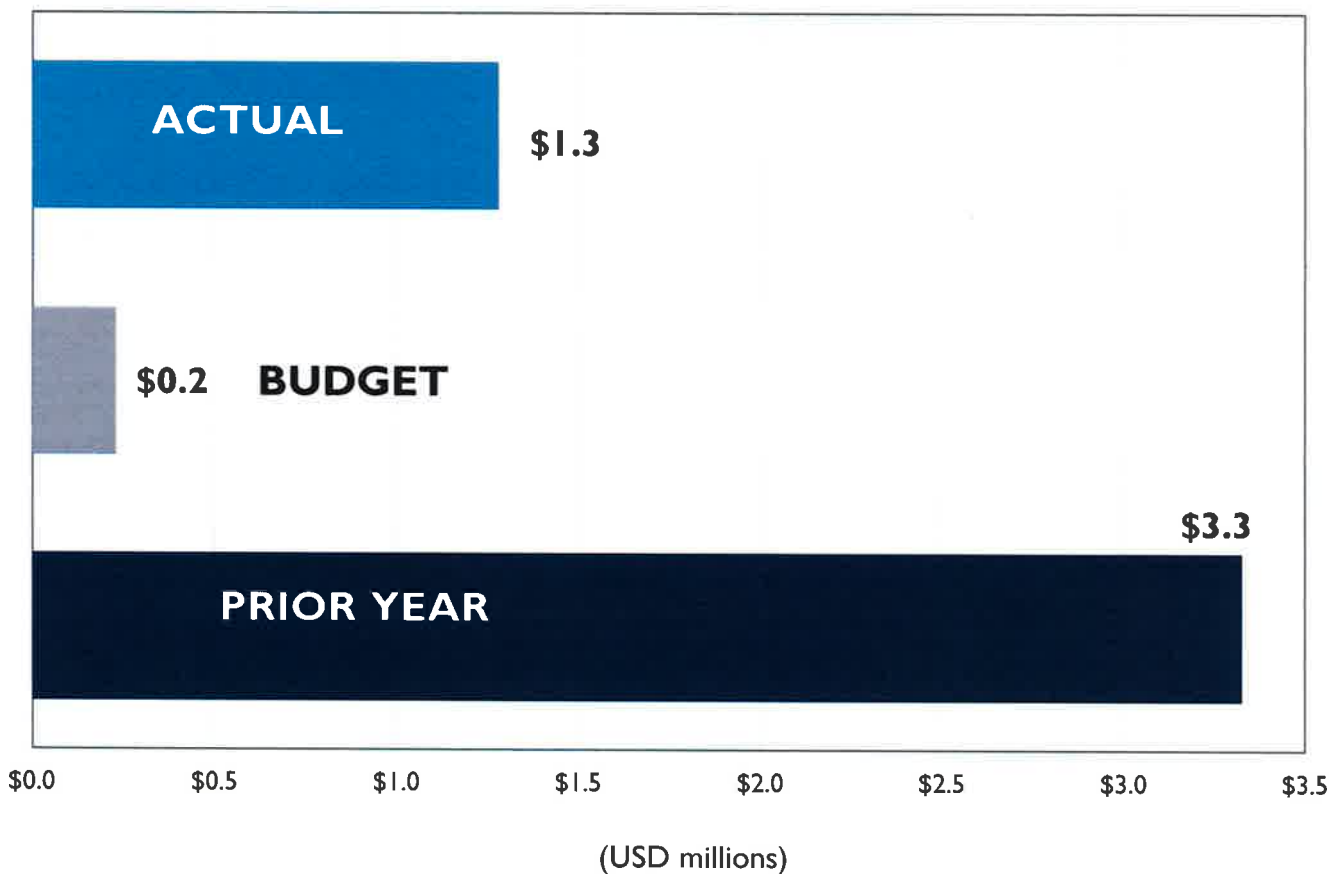


# OPERATING INCOME (LOSS):

## For the Three Months Ended September 30, 2017

Favorable to  
Budget and  
unfavorable  
to Prior  
Year

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

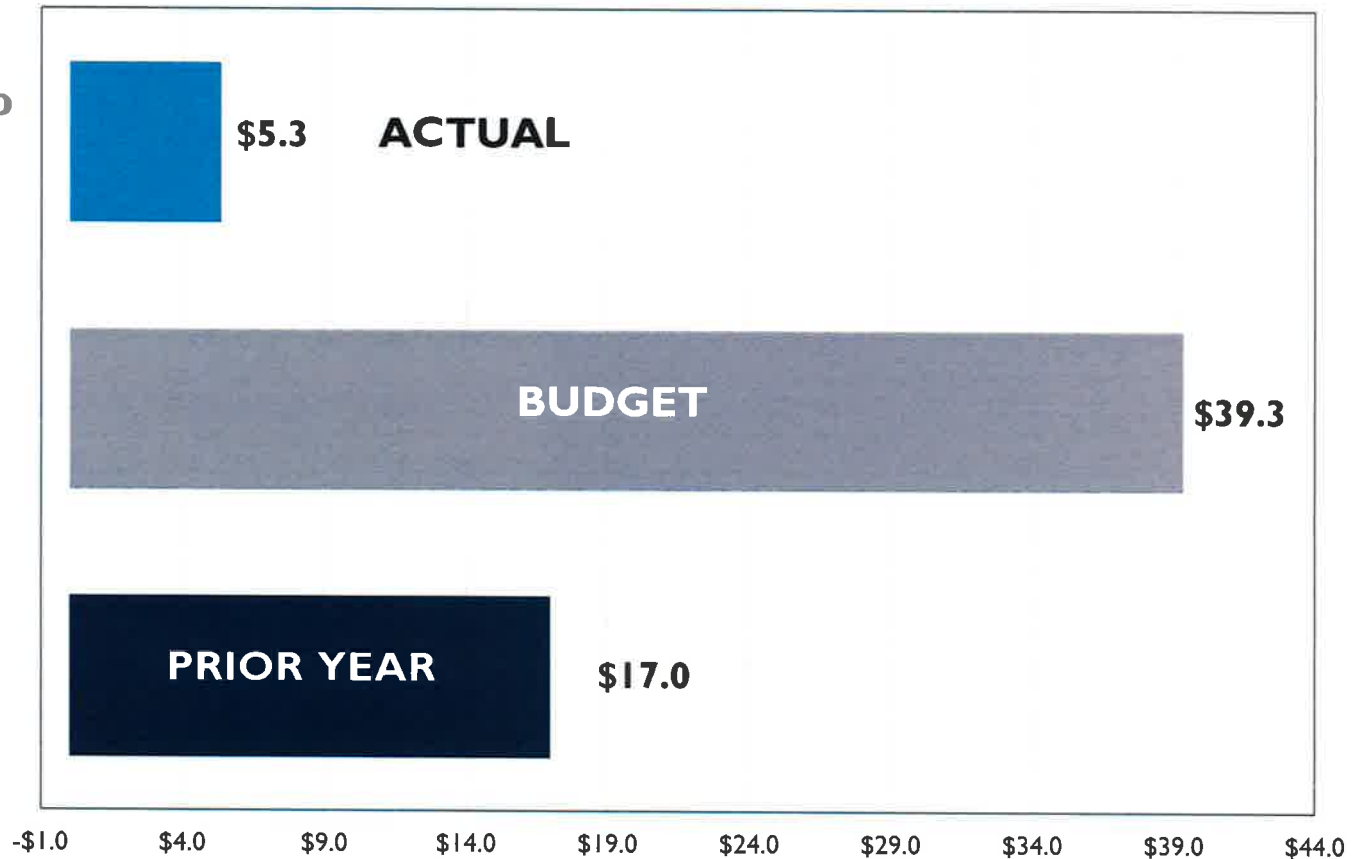


# CHANGE IN NET POSITION:

## For the Three Months Ended September 30, 2017

Unfavorable to  
Budget and  
Prior Year

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



# POV FY STATISTICS

Fiscal Year-to-Date: Jul - Oct 2017				
	FY 2017	FY 2018	Change	% Change
<b>Total TEUs</b>	<b>911,845</b>	<b>978,140</b>	<b>66,295</b>	<b>7.3%</b>
Export Loaded TEUs	332,303	315,677	(16,626)	-5.0%
Export Empty TEUs	145,329	197,945	52,616	36.2%
Import Loaded TEUs	421,696	457,194	35,499	8.4%
Import Empty TEUs	12,517	7,324	(5,194)	-41.5%
<b>Total Containers</b>	<b>515,282</b>	<b>555,567</b>	<b>40,285</b>	<b>7.8%</b>
<b>General Cargo Tonnage</b>	<b>7,042,519</b>	<b>7,199,099</b>	<b>156,580</b>	<b>2.2%</b>
Container Tonnage	6,983,760	7,141,403	157,643	2.3%
Breakbulk Tonnage	58,758	57,696	(1,062)	-1.8%
<b>Total Rail Containers</b>	<b>190,805</b>	<b>191,611</b>	<b>806</b>	<b>0.4%</b>
VIP Containers	12,556	12,597	41	0.3%
<b>Total Barge Containers</b>	<b>13,980</b>	<b>16,763</b>	<b>2,783</b>	<b>19.9%</b>
RMT Containers	6,515	7,853	1,338	20.5%
<b>Total Truck Containers</b>	<b>310,497</b>	<b>347,193</b>	<b>36,696</b>	<b>11.8%</b>
<b>Ship Calls</b>	<b>619</b>	<b>589</b>	<b>(30)</b>	<b>-4.8%</b>
<b>Vehicle Units</b>	<b>8,641</b>	<b>10,715</b>	<b>2,074</b>	<b>24.0%</b>

## RESOLUTION 17-15

### RESOLUTION AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO CONSTRUCTION MANAGEMENT CONTRACT DOCUMENTS FOR THE EXPANSION PROJECT AT VIRGINIA INTERNATIONAL GATEWAY

#### 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 is making significant capital improvements to Virginia International Gateway terminal (hereinafter "VIG"). Construction management and engineering services are necessary to support the construction of the VIG Phase II expansion project (hereinafter "VIG Phase II").

On January 18, 2017, the Authority entered into a contract with CH2M Hill Engineers, Inc. proposing a budget of \$4,500,000 for the construction management services and engineering associated with VIG Phase II (hereinafter the "VIG Construction Management Services Contract"). The contract provides for project-specific services to be set forth in one or more task orders issued by the Authority. An amendment to the VIG Construction Management Services Contract (hereinafter "Amendment") is now required to increase the budget by \$2,000,000.00 to provide for additional services to be performed in furtherance of VIG Phase II.

The Board has determined that it is necessary and appropriate to delegate to the Executive Director the authority to negotiate, approve and amend the terms of the VIG Construction Management Services Contract and associated Amendment 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 Construction Management Services Contract as modified by the Amendment. The execution and delivery of the VIG Construction Management Services Contract as modified by the Amendment 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 Construction Management Services Contract and Amendment on behalf of the Authority. The execution of the Amendment by the Executive Director shall be conclusive evidence of the Authority's approval of the VIG Construction Management Services Contract as modified by the Amendment. 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 Construction Management Services Contract and Amendment 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 Construction Management Services Contract as modified by the Amendment and the transactions described herein and therein.

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.

**[END OF RESOLUTION 17-15]**

PASSED AND ADOPTED this 5<sup>th</sup> day of December, 2017.

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

ATTEST:

  
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Debra J. McNulty  
Secretary to the Board