

MINUTES

MEETING - Board of Commissioners - Session 384

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
Tuesday, January 23, 2018

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on January 23, 2018, 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
Stephen Moret
Faith B. Power
Kim Scheeler
Louisa M. Strayhorn
Deborah C. Waters
F. Blair Wimbush

Commissioners Absent:

Val S. McWhorter

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
Russell Young, Director, Economic Development
Ron Green, Director, Process Excellence
Carla Welsh, Director, Creative Services & Brand Management
Debra J. McNulty, Secretary to the Board

Virginia International Terminals LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer
Shawn Tibbetts, Chief Operations Officer
Cary Hagen, Vice President, Cargo Sales
Tara Emam, Northeast Area Manager, Sales

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
Kristy Choi, PFM Financial Advisors LLC
Sean Brazier, Virginia Economic Development Partnership (VEDP)
Michelle Wharton, Kimley-Horn
Whiting Chisman, Virginia Pilot Association
Robert Alger, Lane Construction

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.

Presentation

Presentation of a Resolution Commending the Services of the Honorable Aubrey L. Layne, Jr., Secretary of Transportation

Chairman Milliken referred to the resolution commending the Services of Secretary Aubrey Layne and mentioned that the Secretary was unable to attend the board meeting. He reported

that commissioners and Port of Virginia colleagues honored the Secretary at dinner Monday evening, at which time he was presented with a framed commemorative resolution. The Chairman also congratulated Secretary Layne on his appointment by Governor Northam to serve the Commonwealth as Secretary of Finance.

Chairman Milliken announced that the resolution attributed several major projects to the Secretary and he read the last portion of the document which expressed appreciation and best wishes (attached). The Chairman took a few moments to commend the work of Secretary Layne and stated that "his role was critical to the Port's success" and said that, in his opinion, he was "the best Secretary of Transportation that Virginia has ever had."

At the Chairman's request, the Board formally adopted the resolution.

Action: Upon motion by Mr. Diamonstein, seconded by Mr. Wimbush, the VPA Board (12-0) adopted the Resolution Commending the Services of Aubrey L. Layne, Jr., former Secretary of Transportation.

I. Approval of Minutes

Action: At the request of Chairman Milliken, the minutes of the regular meeting held December 5, 2017, were unanimously approved, as circulated.

II. Reports of Committees

A. Investment Committee – Chairman Milliken

Chairman Milliken explained how the Investment Committee is responsible for the fiduciary oversight of the various pension plans of The Port of Virginia. He reported that the Port's investment advisors from SageView presented to the Committee on Monday and reviewed the progress of the various pension plans for VPA and Virginia International Terminals, LLC (VIT), jointly referred to as "The Port of Virginia" or "POV".

The Chairman reported the following:

- The Committee was advised that 9 of the 16 investments in VIT's pension plan investments outperformed their benchmark for the quarter. Similarly, 10 of the 14 investments in VPA's pension plan outperformed their benchmark.
- The Committee was advised that 21 of the 27 investments in VIT and VPA's defined contribution plans outperformed their benchmark for the quarter.

- No investment management changes were recommended. However, three investments were continued on “watch” for closer scrutiny going forward.
- The Committee reviewed and approved administrative changes to the VIT and VPA Investment Policy Statements.

B. Executive Committee – John G. Milliken, Chairman

Chairman Milliken reported that the Executive Committee discussed a proposed meeting schedule for 2018 and announced that several VPA 2018 Board meetings will be held outside of Norfolk. He announced that the Board plans to meet in Richmond, Newport News, and at Virginia International Gateway (VIG) in Portsmouth, and will also include some tours of supply-chain centers in the upcoming meetings.

Chairman Milliken reported that the Executive Committee also reviewed results of the Executive Director’s management incentive metrics (goals) for calendar year 2017 that determine the Executive Director’s incentive compensation. The Chairman explained that the Board annually develops incentive metrics and that Mr. Reinhart’s contract provides for an incentive performance bonus which equates to 50 percent of his base salary.

Chairman Milliken announced that the Port had a very good year and that the Executive Committee determined that Mr. Reinhart achieved 95 percent of his goals for CY2017. Chairman Milliken presented Resolution 18-1 at this time for consideration by the Board (attached).

Action: Upon motion by Mr. Diamonstein, seconded by Mr. Scheeler, the VPA Board (12-0) adopted Resolution 18-1, approving the Executive Director’s incentive compensation equating to ninety-five (95) percent of fifty (50) percent of John Reinhart’s base salary, for results of CY2017 Management Incentive Metrics.

The Chairman opened the floor for discussion.

Mr. Wimbush commended the performance of Mr. Reinhart and the leadership team on the strategy that was determined in preparation for the two major expansion projects at Virginia International Gateway (VIG) and South Norfolk International Terminals (SNIT) in the midst of record volumes.

Ms. Aument stated that it was worth noting that both the General Assembly and the Executive Branch have championed hundreds of millions of dollars of investment to upgrade the assets at The Port of Virginia. Ms. Aument remarked that “the most critical asset we have is the Port

team that has flourished under the leadership of John Reinhart”. Ms. Aument affirmed her support of the resolution and congratulated Mr. Reinhart for another successful year.

Mr. Scheeler credited Mr. Reinhart and the team for the growth of Richmond Marine Terminal (RMT) which, he said, resulted in Richmond getting two major port-related speculative development projects coming online. He too thanked Mr. Reinhart for his leadership.

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

Mr. Wimbush reported that the Finance and Audit Committee met in closed session on Monday and received presentations from management on the financial results through November 30, 2017, a financial update on the VIG and SNIT expansion projects, a recap on the impacts of federal tax reform and the recently completed Master Equipment Lease borrowing, an overview of major revenue and expense categories and drivers, and a Small, Women and Minority (SWaM) procurement update.

Mr. Wimbush reported the following:

With regards to federal tax reform and the recently completed Master Equipment Lease borrowing:

- Management informed the Committee that there was ultimately minimal impact on the Port.
- The Master Equipment Lease borrowing for eight rail mounted gantry cranes (RMG's) for NIT was successfully completed just prior to the end of the calendar year.

With regard to SWaM procurement:

- Through December 31, 2017, VPA SWaM procurement was 24.6% of eligible spending, currently ahead of the target of 20%, and trending upward.
- Management also addressed the latest SWaM business activities and initiatives including a focused procurement process and enhanced SWaM vendor outreach.

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

Mr. Oliver presented the November 2017 (FY18) financial report and reviewed operating revenue and expenses, operating income (loss), and change in net position for the month and reviewed same for the fiscal-year-to-date results (five months), ending November 30, 2017.

Mr. Oliver announced that the month of November saw an operating loss of \$712,000, which was actually \$31,000 ahead of budget. Overall, Mr. Oliver reported that a change in net position (net income) for the month of November reflected \$8.4 million less than budgeted primarily due to the timing of the South NIT project and the funds anticipated from the Virginia Public Building Authority.

For the first five months of the fiscal year, Mr. Oliver reported POV operating revenue is \$1.6 million short of budget expectations which was primarily due to the delay of cargo movements from NIT and VIG to Portsmouth Marine Terminal (PMT) and volume tiers. Mr. Oliver reported that operating expenses are \$3.7 million below budget expectations, which he said was very good news. All major expense categories, with exception of depreciation, are under budget.

Mr. Oliver announced that overall POV operating income is \$2.1 million ahead of budget expectations for the first five months of the fiscal year, and reiterated the \$52.6 million variance in net position is due to the delay in NIT South construction and receipt of funds from the state.

Mr. Reinhart added that POV included \$400,000 for weather events in the FY18 budget, and he talked about the challenges and accomplishments by POV colleagues during the January 3-4 winter storm.

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

D. Growth and Operations Committee – Alan A. Diamonstein, Committee Chair

Mr. Diamonstein reported that the Growth and Operations committee received updates from Chief Operations Officer, Shawn Tibbetts, who provided the latest safety results, weather preparedness activity during the recent snow storms, ship line service movements, current events at the terminals, and rail and gate productivity. Mr. Diamonstein mentioned that the Committee received a briefing from Rich Ceci, Vice President of Technology & Projects, on South NIT Optimization, VIG II expansion, and N4 conversion. He reported that the Committee also received an Executive Summary of the Port Opportunity Analysis from Mr. Seth Martindale, Managing Director of CBRE, Inc.

I. Safety/Operations Report

Mr. Tibbetts announced that the year-to-date lost work days (LWDs) through November 30, was 1.93 LWDs per 200,000 work hours - a 19 percent improvement over last year and almost

24 percent improvement over prior year - compared with the industry average of 3.3 for 2016. Mr. Tibbetts credited the improvements in safety to the Port's engagement in the TSIP and 5:1 safety programs. He also announced that Mr. Ron Babski, POV's Vice President of Health and Safety was recently honored as the national Signal Safety Professional of the Year.

Mr. Tibbetts commended the Virginia Pilots for safely bringing in vessels to the port in the days after the recent snow storm and he acknowledged Commissioner (Capt.) Bill Cofer and also Mr. Whiting Chisman, a member of the Virginia Pilot Association, who was in the audience.

Mr. Tibbetts reviewed POV rail vs. gate/barge volumes and announced that the Port handled 135,469 containers in November (1.7 percent over prior November) and up 7.6 percent for CY2017 over last year. He reported that 35 percent of the cargo moved via rail - inbound/outbound.

Mr. Tibbetts reported rail vs. gate/barge volumes at NIT which, he said, is handling record volumes. He explained that some of the volumes were transitioned out of NIT to accommodate South NIT construction. Mr. Tibbetts reviewed VIG rail vs. gate/barge traffic and mentioned how the operations team is performing well while the expansion work for VIG II is in progress.

Mr. Tibbetts reviewed rail and dwell times at NIT and VIG. He mentioned that VIG rail dwell has been affected by rail partner service changes. He then went on to report gate turn times through November for NIT, PMT, and VIG, and net crane moves per hour at each terminal. Mr. Tibbetts explained that PMT is the outlet valve with gate volumes up by 100 percent due to the transition of vessels from NIT and VIG, and that PMT is experiencing the best turn-times in the Port. He reported that VIG in-gate turn-times improved in November and that the operations team continues to strategize in order to efficiently handle cargo through surge periods.

Mr. Tibbetts commended POV's operations and maintenance and facility teams who worked overtime to prepare for the recent snow storm and cleared the terminals to get the port up and running after a two-day shutdown. He emphasized that safety was the number one focus.

Mr. Tibbetts thanked Port partners and outside vendors in the community who were also integral to getting the terminals cleared of all the snow. He mentioned that POV purchased special Bobcat equipment last year that can clear snow in between the container stacks.

Mr. Reinhart reported that the Coast Guard had closed the harbor for two days and that POV was still recovering from the snow storm event that, he said, affected ports up and down the East Coast. Mr. Reinhart also commended POV colleagues for their efforts.

2. Sales Report

Mr. Diamonstein reported that the Growth and Operations Committee heard from Tom Capozzi, Chief Sales Officer, who reported on the new ocean carrier line – ONE – and the Alliance service portfolio, rail initiative updates on CSX and Norfolk Southern services to Pennsylvania, and a comparison of rail volumes over the last three years.

Mr. Capozzi introduced Ms. Tara Emam, POV's new Northeast Area Manager, Sales, who will be based in New Jersey.

A copy of the latest statistics for fiscal year-to-date (July-December 2017) were distributed and Mr. Capozzi reviewed each of the tonnage statistics for TEU (20-foot equivalent units) containers, general cargo and breakbulk tonnage, rail and truck containers, ship calls, and vehicle units (attached).

Mr. Capozzi reported on the growth in vehicle traffic at Newport News Marine Terminal (NNMT) and he announced that the POV sales team has been negotiating with a new auto processor and ocean car carrier to market NNMT and expand capabilities at PMT. He described the two trial shipments that are scheduled next month with two of the three big Detroit auto producers. Mr. Capozzi explained that this business could produce monthly services and he commended the sales team for their efforts.

Mr. Capozzi reported that POV sales recently participated in three industry events: AgTC/Midwest Shippers Association/USDA Ag Shipper Workshop; JOC Port Performance North America; and the Petrochemical Conference. He described each of the conferences and added that Mr. Reinhart was on a panel for "Port Perspectives" at the JOC conference, joined by executives from South Carolina, Houston, Oakland, Northwest Seattle and Tacoma.

Mr. Reinhart added that he and Mr. Tibbetts were also interviewed at the JOC conference on The Port of Virginia's activities and he provided a year-end review for the news wires.

Mr. Capozzi reported that POV is in the final stages of the application for certification by the London Metal Exchange (LME). He provided an update and activities by the sales team. A discussion then ensued with regard to ro-ro opportunities for automobiles.

3. Innovation Report

Projects Update

Mr. Ruddy described ODU's Technology Application Center Lean Awareness Training and Lean Awareness Training for Leaders that is being provided to POV colleagues for professional development.

Mr. Ruddy reported the latest messaging for the period December 1–January 1, resulting in 190 mentions and \$97,000 in earned media. He described the new advertising campaigns by MARCOMM (marketing and communications) with examples featuring (“spec”) warehouse development by Pannatoni across from Richmond Marine Terminal and an ad showing ILA colleagues at work with a focus on “More Cargo-More Jobs”.

Mr. Ruddy provided a status report on major projects that are ongoing at VIG and NIT. He reported that the VIG expansion continues to track accordingly and on time with an estimated completion scheduled for late 2018. Mr. Ruddy advised that South NIT construction began in July with a scheduled third quarter completion in 2020.

Mr. Ruddy reported that the VIG II N4 conversion is due to roll-out on March 15th with NAVIS representatives on site to ensure a smooth transition with oversight by the Project Team, lead by Rich Ceci. He noted that N4 was upgraded earlier this year at NIT. A discussion ensued on N4 testing and the Project Team's efforts.

Mr. Ruddy described the work-in-progress at South NIT (Phase I); the ductbank (IT conduit for the stacks) and berm, temporary transfer zone, and an overview of South NIT construction phases.

Mr. Ruddy reviewed progress at the VIG stack yard and announced that the first six of the automatic stacking cranes (ASCs/RMGs) are due to arrive at VIG via the heavy-lift vessel from Poland, the “Happy Buchaneer”, on February 2. Mr. Ruddy reported that the first three stacks of the VIG II expansion will be operational in April 2018.

Mr. Reinhart announced that a shipment of cranes will be arriving every six weeks until completion of the order. Mr. Ruddy added that the first order of cantilever cranes for the rail project are also due to arrive soon.

Mr. Ruddy reviewed progress on the VIG wharf extension and announced that the last pile was driven in December, which was signed by Mr. Reinhart and several others. He described progress at the rail yard expansion and explained the purpose of the (remote control) cantilever rail mounted gantry crane control stations that were delivered in December.

Mr. Ruddy reviewed 12-month and 3-year horizon timelines (as indicated on the attached).

Ms. Waters commended the team for their efforts on the dual construction projects and for their “measured and controlled” testing of the N4 conversion.

III. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs reported that the new tax reform laws allow an extension of time to roll over a 401K or IRA account as well as repayment of loans after separating from employment. He announced that ADP has updated POV systems for the new tax brackets that will affect all colleagues.

Mr. Bibbs described the 2018 Summer Internship Program that will offer up to 12 internships during the application period of February 5-March 2. He announced that the program will run June 4-July 28 and noted that, since 2015, POV has provided 36 internships and hired 11 interns in a permanent or temporary capacity.

Mr. Bibbs announced new initiatives that include the POV Intern Alumni LinkedIn Networking Group and metrics that measure the return on investment of past intern projects.

Mr. Bibbs reported that POV has offered colleagues enrollment in the SmartDollar program which is a benefit to assist in the (confidential) financial wellness of POV colleagues. He reviewed recruitment metrics that resulted in 52 percent new hires and 48 percent backfilled positions and he reported attrition headcounts for VIT, VPA, and HRCPII for calendar years 2016 and 2017. Mr. Bibbs also reviewed training metrics reflecting college reimbursement data for all three entities.

In reply to Chairman Milliken’s question, Mr. Bibbs explained that the most challenging position to fill at POV is within the crane maintenance field and he mentioned that there are a number of retirements anticipated over the next few years. Mr. Bibbs described the temp-to-perm program that initiates new hires into the crane maintenance environment and he mentioned a new apprenticeship program that POV is working on in collaboration with Tidewater Community College (TCC) to train in this area.

Chairman Milliken requested an update on POV’s collaboration with TCC on the apprenticeship program at either the March or May board meeting.

Ms. Power thanked Mr. Bibbs and Mr. Reinhart for developing value-driven programs for POV’s colleagues.

IV. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick presented a photo of a Coast Guard rescue helicopter and mentioned that Bill Burket, POV's Director of MIRT & Emergency Services, had the opportunity to ride with the Coast Guard to view the effects of the snow storm on the channel.

Ms. Vick reported that she and Mr. Reinhart recently met with Army Corps of Engineers (ACOE) headquarters to discuss expediting the finishing of the study process for the channel deepening/widening projects in order to align the General Reevaluation Report (GRR) report with the Water Resources Development Act (WRDA), which is introduced every two years. She announced that POV received good news that, instead of December 2018, POV will have a chief's report by the Corps in June 2018 to align with WRDA so that the additional deepening/widening projects in the Hampton Roads channel has the opportunity to be authorized by Congress this year. It was reminded by Ms. Vick that the Governor's Budget includes a \$20 million request to start the Preliminary Engineering and Design (PED) process. She commended the team on their efforts.

Ms. Vick reported that a meeting with ACOE headquarters is scheduled for Friday with regard to the agency decision milestone. She announced that POV has been doing some optimization and refinement after the Tentatively Selection Plan (TSP) was released which resulted in 70 public comments and five peer review comments from other districts of the ACOE that review the work that has been done by the teams. Ms. Vick reported that POV has resolved all of the issues and ran some additional economic modeling resulting more accurate reporting in vessel traffic volume.

Ms. Vick advised that a leadership review panel would be scheduled in April with the chief's review due by June 2018.

Ms. Vick reported on progress on the Elizabeth River Southern Branch project and advised that the comment period has recently ended. The agency decision milestone for this project is due in April and work continues.

Ms. Vick announced that POV's 559 Program with Customs Border Patrol (CBP) was not impacted by the recent federal government shutdown. Ms. Vick also described the work of the American Association of Port Authorities (AAPA) on WRDA and the Harbor Maintenance Tax increased federal funding.

Ms. Vick reported on legislation that affects the port currently in the General Assembly.

Ms. Vick reviewed CY17 port-related economic development totals as follows:

- 45 Announcements

- 6,342 Jobs
- More than 3.7 million square feet of space
- Invested more than \$1.6 billion

Ms. Vick reported that seven economic development announcements were released since the last board meeting reflecting an increase in manufacturing, resulting in 2,845 jobs, over 800,000 of square footage, and over \$937 million invested.

Ms. Vick presented Resolution 18-2, that requests approval by the Board to shift some funding for projects on the Eastern Shore (Northampton County).

At this time, Chairman Milliken presented Resolution 18-2, and asked for a motion from the Board.

Action: Upon motion by Mr. Diamonstein, seconded by Mr. Wimbush, the VPA Board adopted Resolution 18-2 (12-0), authorizing reappropriation of Aid to Local Ports Funding (FY18) to Northampton County.

Ms. Vick provided an update on the ISO 14001 Environmental Management System and reported that internal audits that were recently completed. She reported that the external surveillance audits are scheduled in April.

Ms. Vick concluded with a report on MIRT and Emergency Operations recent efforts to support the containment of an oil spill at Norfolk Southern coal piers and she announced that MIRT is preparing for a Search and Rescue forum scheduled for March.

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:

- We begin 2018 with our new Governor Ralph Northam, a new administration and welcome our new Secretary of Transportation Shannon Valentine.
- We have met and will continue to meet with the legislature and administration to brief them on the Port to continue the positive momentum at The Port of Virginia.
- We had the opportunity to thank Secretary Layne for his outstanding work as Secretary of Transportation and his contributions to the State and POV. We wished him success in his new role as Secretary of Finance and look forward to working with him in his new capacity.

- We will have continuity on our Board and will continue our concerted efforts to execute our Strategic Growth Plan, deliver our infrastructure developments and evolve our services and products to deliver exceptional service and economic growth.
- 2017 was a very good year at The Port of Virginia:
 - Volume Growth of **7.2%** in containers
 - Rail Growth of **3.4%**
 - Barge Growth of **21.6%**
 - Truck Growth of **9.0%**
 - Vehicle Growth of **22.5%**

Economic Development Growth:

- Announcements **9.8%**
- Sq. Footage **5.7%**
- Investments **73.2%**
- Job Creation **66.5%**

Infrastructure is being developed on schedule and in line with budgets:

- NIT North Gate opened in June
 - VIG Expansion underway with full capacity in Spring of 2019
 - NIT Expansion underway with full delivery in Summer of 2020
 - Next week we will begin receiving new equipment
-
- We maintained service and safety while implementing the construction and managing the headwinds of the expansion on service and our financials.
 - We celebrated the first calls of the largest vessels to call the East Coast and we are witnessing the growth of vessel sizes and increased volume on fewer vessel calls.
 - We are advancing the *Wider, Deeper, Safer* project to be the deepest, safest harbor on the East Coast and later this week we will have the agency decision milestones.
 - The economic development efforts are moving to the next level as we partner with VEDP, VMA, and regional economic development partners to accelerate the business attraction and retention in Virginia.
 - The accomplishments of 2017 are a real tribute to our team and our port partners. As our expansion unfolds, we are operating in a period of transition. We are aware of the risks and are undertaking the necessary planning to maintain our service levels with an

emphasis on safety. We know we can always improve and continue to do those things that make us a sustainable business and grow The Port of Virginia.

- 2018 is off to a fast start and we have a great deal of hard work ahead of us and with the continued guidance and support of the Board, Administration, Legislature and Partners we will have another strong year. Our team has the right focus, talent and alignment to navigate the headwinds and deliver.

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 announced that the November 27th scheduled public session of the VPA Board would be rescheduled to Wednesday, November 14th, due to the Thanksgiving holiday. Committees are scheduled to meet on Tuesday, November 13th.

Mr. Moret commended the work of CBRE on the recommendations set forth in the economic development strategy that was presented in the Growth and Operations Committee meeting. He also complimented the partnership among POV, VEDP, Virginia Maritime Association (VMA) and other entities who engaged CBRE to conduct the study. Mr. Moret mentioned that, should the region have the opportunity to implement some of the recommendations from the report, it would result in thousands of jobs and economic development growth.

Chairman Milliken emphasized the need for the availability of site-ready development which was recommended in the CBRE report and he suggested that staff put together information for consideration by the Administration for the General Assembly.

There being no further business and no public comments, the meeting adjourned at 10:43 a.m.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Debra J. McNulty", written in a cursive style.

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 (location: Virginia International Gateway Terminal, Portsmouth)

May 22 (location: Virginia Economic Development Partnership, Richmond)

July 24

September 25

November 14 (Wednesday) Rescheduled from November 27

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

RESOLUTION COMMENDING the SERVICES
of
Aubrey L. Layne, Jr.

WHEREAS, Aubrey L. Layne, Jr., was appointed by Governor Terence R. McAuliffe as Secretary of Transportation, and the Virginia Port Authority has served under Secretary Layne's leadership since January 2014; and

WHEREAS, throughout his service to the Commonwealth, Secretary Layne has been deeply involved in the development of the commerce and facilities of The Port of Virginia and has given the Commonwealth of Virginia the benefit of his wisdom and experience; and

WHEREAS, during his tenure as Secretary of Transportation, The Port of Virginia experienced record-breaking cargo growth, financial stability, increased its position as a global gateway for import and export of freight, and was instrumental in the facilitation of job creation across the Commonwealth; and

WHEREAS, Secretary Layne advocated for the construction and the opening of the North Gate complex at Norfolk International Terminals and made great strides to widen and deepen the in- and outbound shipping channels in the harbor; and

WHEREAS, Secretary Layne was instrumental in expanding the port's operating capacity through negotiations to secure the port's fifty-year lease to operate Virginia International Gateway which included \$320 million to double the terminal's operating capacity; and he worked determinedly to obtain approval by the Virginia General Assembly for \$350 million in funding for the expansion of Norfolk International Terminals; and now therefore be it

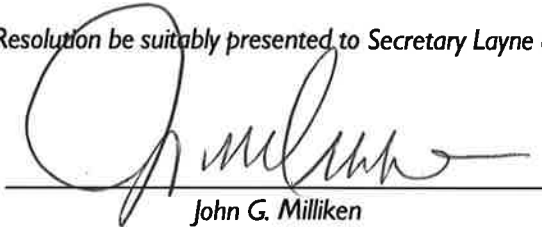
RESOLVED by the Board of Commissioners of the Virginia Port Authority, in regular meeting assembled in Norfolk, Virginia, this 23rd day of January, 2018, that:


FIRST: We extend to Secretary Layne our deep admiration and appreciation for his sincere and tireless efforts to promote The Port of Virginia; and

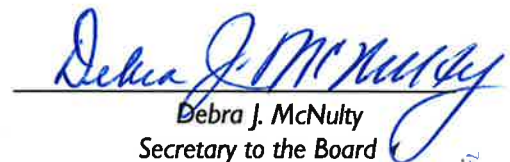
SECOND: We acknowledge his accomplishments in working to strengthen ties within the business community, and we recognize his foresight in planning for the needs of The Port of Virginia's future; and

THIRD: We extend our appreciation to Secretary Layne and his family for so graciously giving of their time with Secretary Layne to our Commonwealth thus allowing him to devote so much energy and time to our port and we extend to Secretary Layne our best wishes for the future which he so richly deserves; and be it

RESOLVED FURTHER, that this Resolution be suitably presented to Secretary Layne and a copy thereof be spread upon the minutes of this meeting.


John G. Milliken
Chairman


John F. Reinhart
CEO and Executive Director


Debra J. McNulty
Secretary to the Board

RESOLUTION 18-1

A RESOLUTION APPROVING THE INCENTIVE COMPENSATION FOR JOHN F. REINHART, CEO/EXECUTIVE DIRECTOR OF THE VIRGINIA PORT AUTHORITY, BASED ON 2017 MANAGEMENT INCENTIVE METRICS

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

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

WHEREAS, the Board of Commissioners and John F. Reinhart, Executive Director of the Virginia Port Authority ("Mr. Reinhart") entered into an Employment Agreement dated October 31, 2013 ("Employment Agreement"), which Employment Agreement was approved by the Governor on November 14, 2013; and

WHEREAS, a First Amendment to the Employment Agreement, approved on January 27, 2015, provides that the additional incentive compensation may be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan)) established pursuant to the Employment Agreement; and

WHEREAS, the Board of Commissioners and Mr. Reinhart entered into a Second Amendment to the Employment Agreement, dated July 25, 2017, extending Mr. Reinhart's employment through February 2022, which was approved by the Governor on September 7, 2017; and

WHEREAS, Mr. Reinhart's Employment Agreement with the Virginia Port Authority provides that the Board of Commissioners may grant Mr. Reinhart additional incentive compensation to a maximum amount of fifty percent of his then-effective Annual Base Salary, as defined in the Employment Agreement, provided Mr. Reinhart achieves certain performance goals and metrics set by the Board; and

WHEREAS, the Board of Commissioners established and approved the Management Incentive Metrics for Calendar Year 2017 for Mr. Reinhart on March 27, 2017; and

WHEREAS, the Board of Commissioners has determined that Mr. Reinhart has achieved ninety-five (95) percent of his Management Incentive Metrics for Calendar Year 2017.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Virginia Port Authority grants the Chairman of the Board the authority to approve payment of additional incentive compensation in the amount of ninety-five (95) percent of fifty percent of Mr. Reinhart's Annual Base Salary, as defined in the Employment Agreement, effective February 9, 2018.

BE IT FURTHER RESOLVED, that the Chairman is authorized to determine the amount of the payment described above that will be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan) established pursuant to the Employment Agreement, and the remaining amount that will be paid to Mr. Reinhart.

PASSED AND ADOPTED this 23rd day of January, 2018.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Secretary to the Board

RESOLUTION 18-2

A RESOLUTION AUTHORIZING REAPPROPRIATION OF AID TO LOCAL PORTS FUNDING (FY18) TO NORTHAMPTON COUNTY

WHEREAS, in September 1986, the Virginia General Assembly established the Commonwealth Port Fund in order to support port capital needs of all ocean, river or tributary ports within the Commonwealth; and

WHEREAS, the Board of Commissioners of the Virginia Port Authority adopted a Policy on Grants to Local Governments for Financial Assistance for Port Facilities (Aid to Local Ports Policy) on July 28, 1987, which Policy was last amended on November 18, 2014; and

WHEREAS, in FY17 Northampton County received \$42,295 in Aid to Local Port funds for the dredging of Willis Wharf with carryover funds totaling approximately \$98,705.16; and

WHEREAS, in FY18 Northampton County received \$26,250 in Aid to Local Port funds for the Morley's Wharf project. The approximate cost of the Morley's Wharf project is \$85,000; and

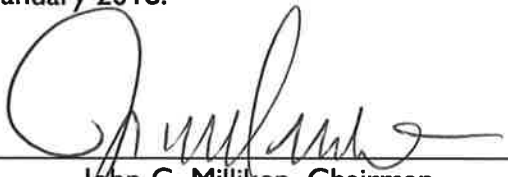
WHEREAS, in accordance with the Aid to Local Ports Policy, the following entity has submitted a statement declaring the need for urgent funding:

Northampton County requests reappropriation from their original dredging project award of Willis Wharf Harbor to the replacement of boat docks serving the Morley's Wharf boat ramp. Due to zoning and permitting issues and complications with the spoils disposal site design, the total cost of the Willis Wharf Harbor project has far exceeded the original estimate. However, the boat docks at the Morley's Wharf boat ramp are in need of immediate attention. These docks have become extremely deteriorated and hazardous to users and this boat ramp is heavily used by commercial watermen and the public;

WHEREAS, Northampton County has an Aid to Local Ports funding balance estimated at \$95,705 for the Willis Wharf Harbor and they desire to reappropriate \$37,500 toward the replacement of the boat docks at Morley's Wharf boat ramp. With this reallocation, a total of \$63,750 in grant funds will be available for Northampton County to complete the Morley's Wharf project. The county will be responsible for the remaining 25 percent as the required match under the Aid to Local Ports program.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority that the requested Aid to Local Ports funding, in the amount of \$37,000, shall be reappropriated for the Morley's Wharf boat ramp project.

PASSED AND ADOPTED this 23rd of January 2018.



John G. Milliken, Chairman

Attest:



Debra J. McNulty, Secretary

November 2017 Financial Report

Rodney W. Oliver
Chief Financial Officer



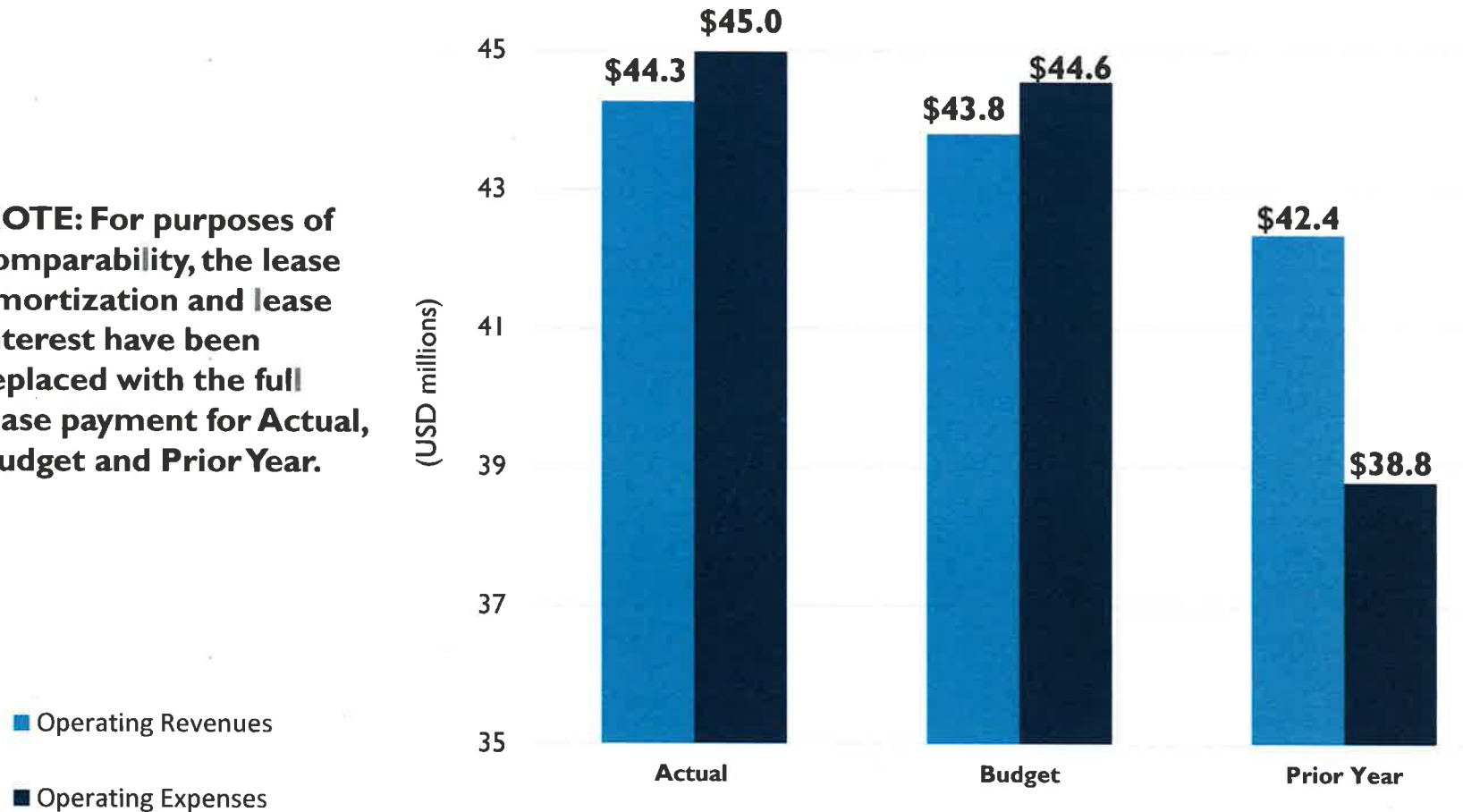
Agenda

- November Results

OPERATING REVENUES AND EXPENSES:

For the Month Ended November 30, 2017

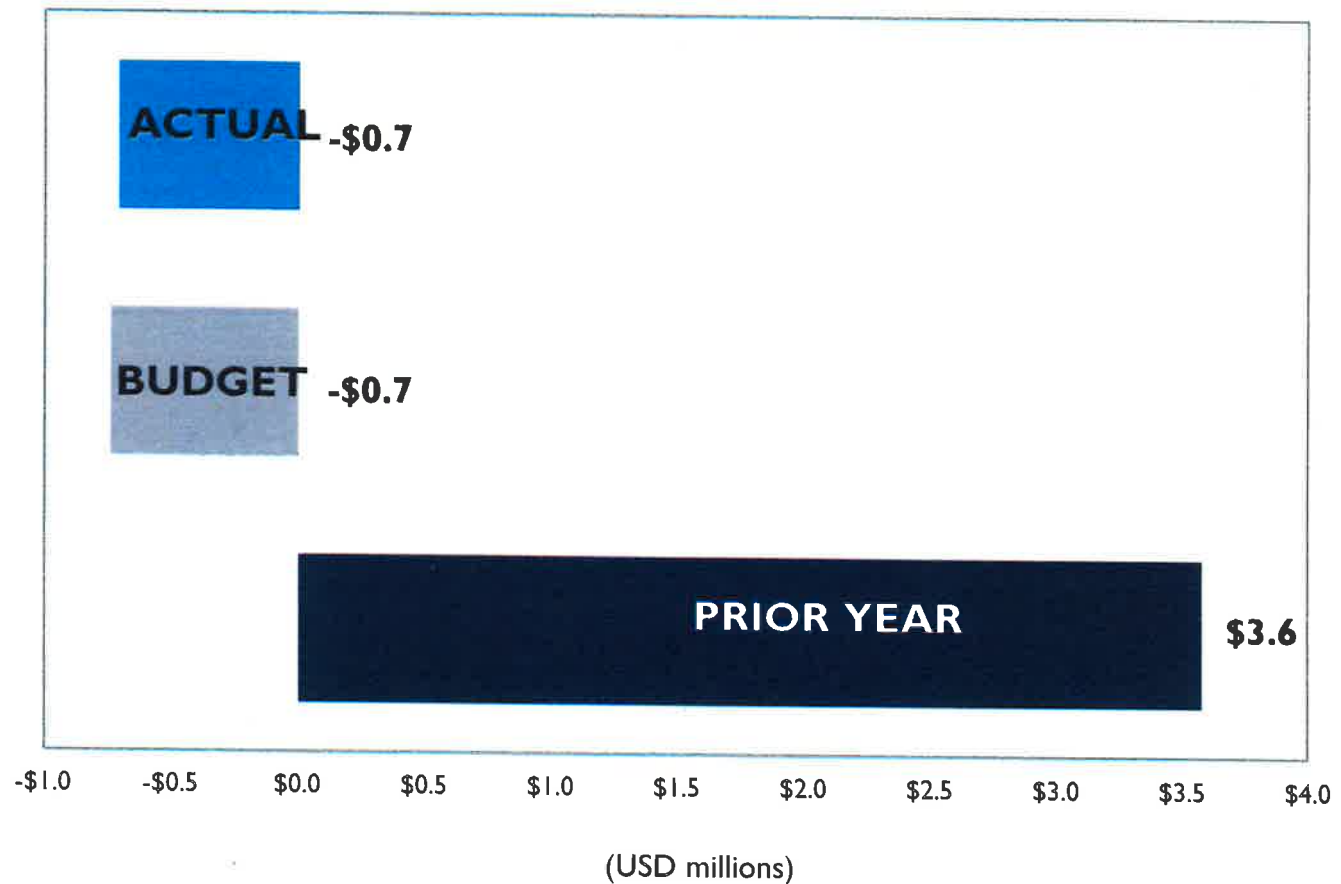
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



OPERATING INCOME (LOSS):

For the Month Ended November 30, 2017

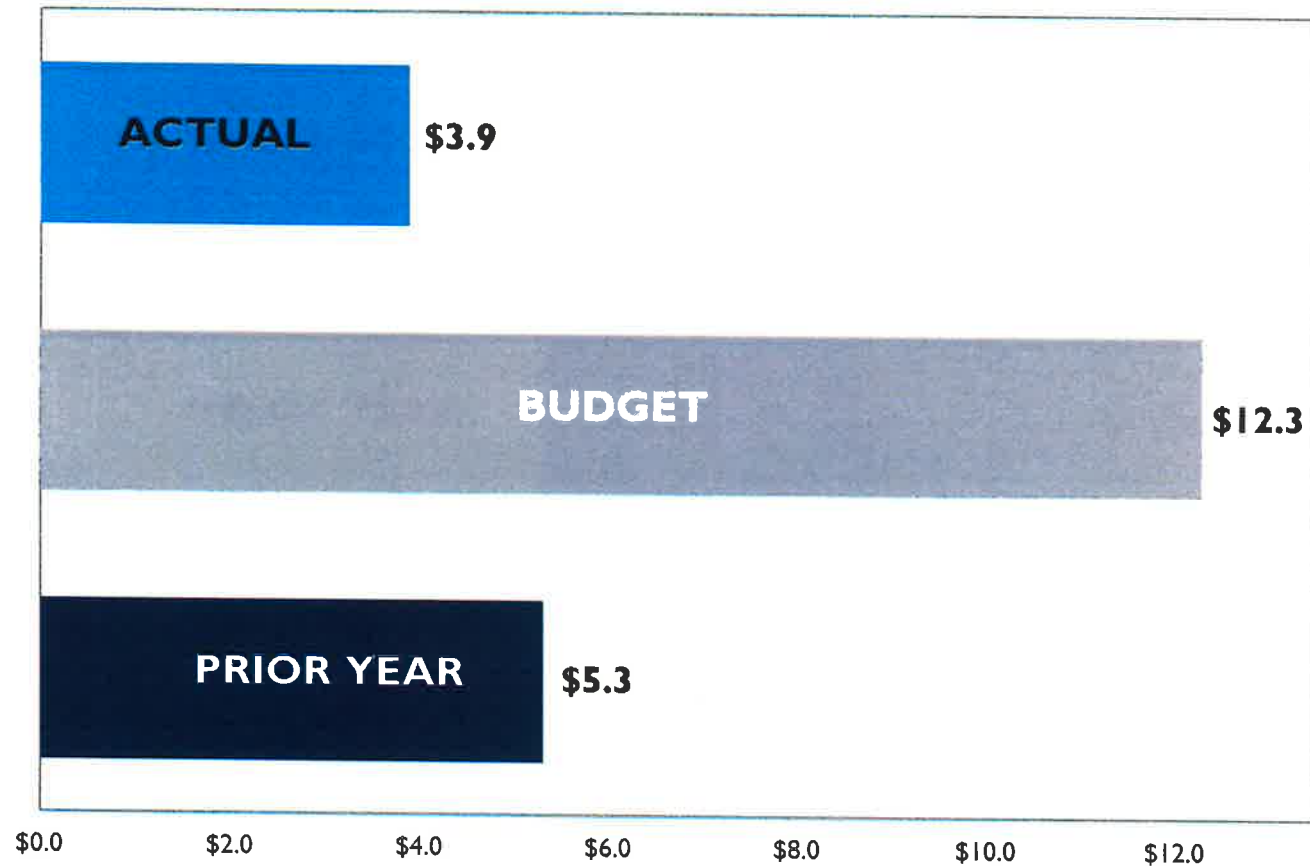
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended November 30, 2017

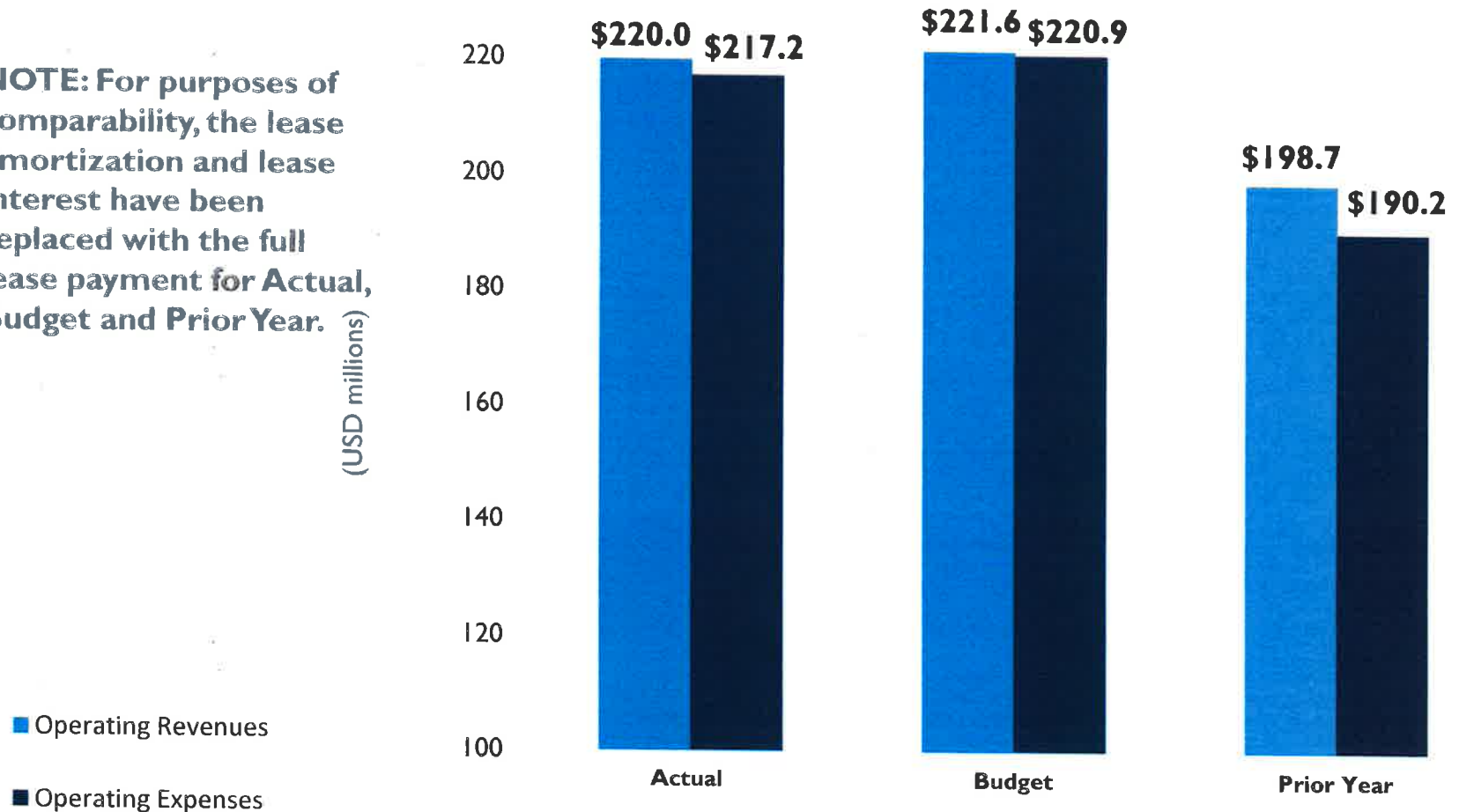
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



OPERATING REVENUES AND EXPENSES:

For the Five Months Ended November 30, 2017

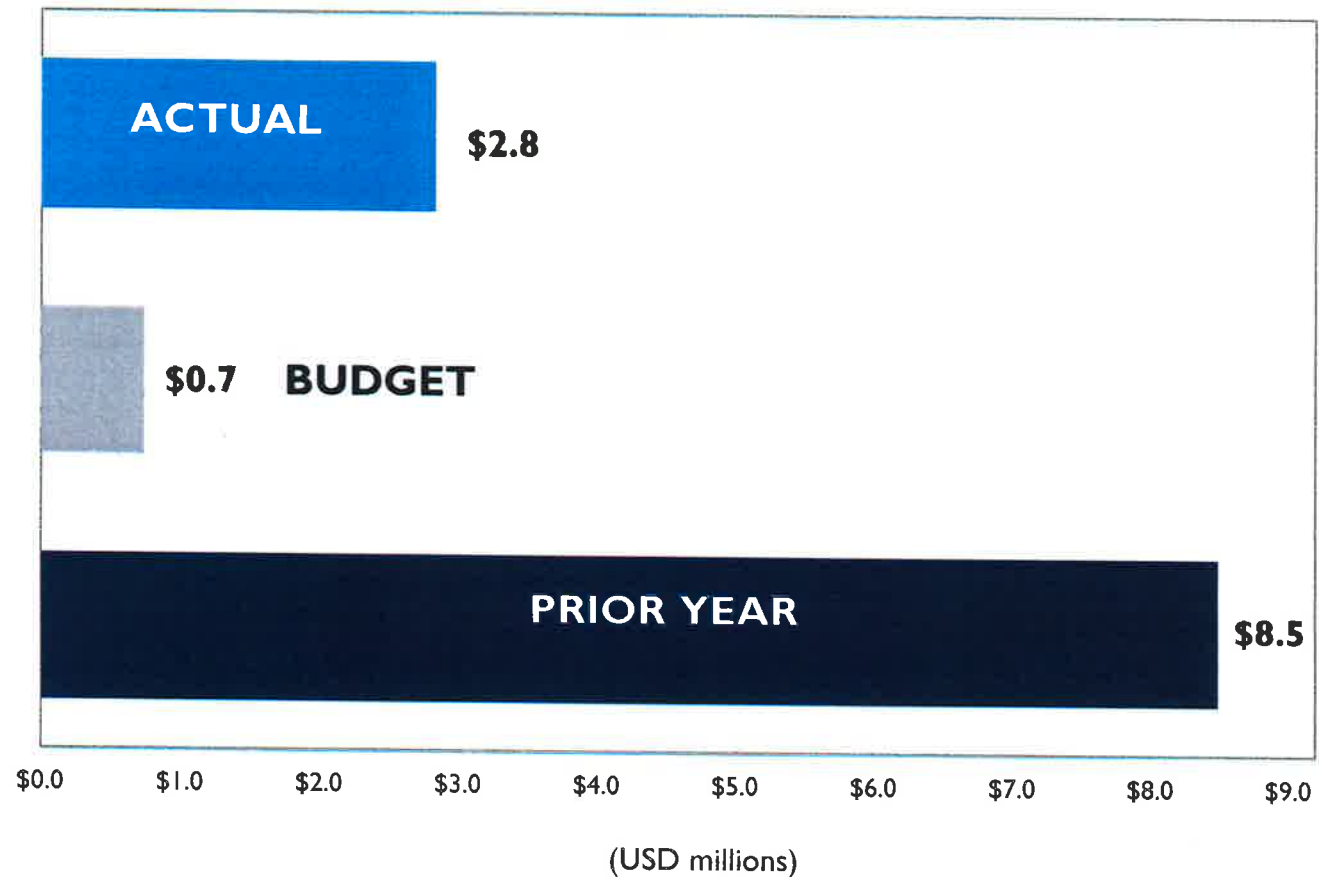
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



OPERATING INCOME (LOSS):

For the Five Months Ended November 30, 2017

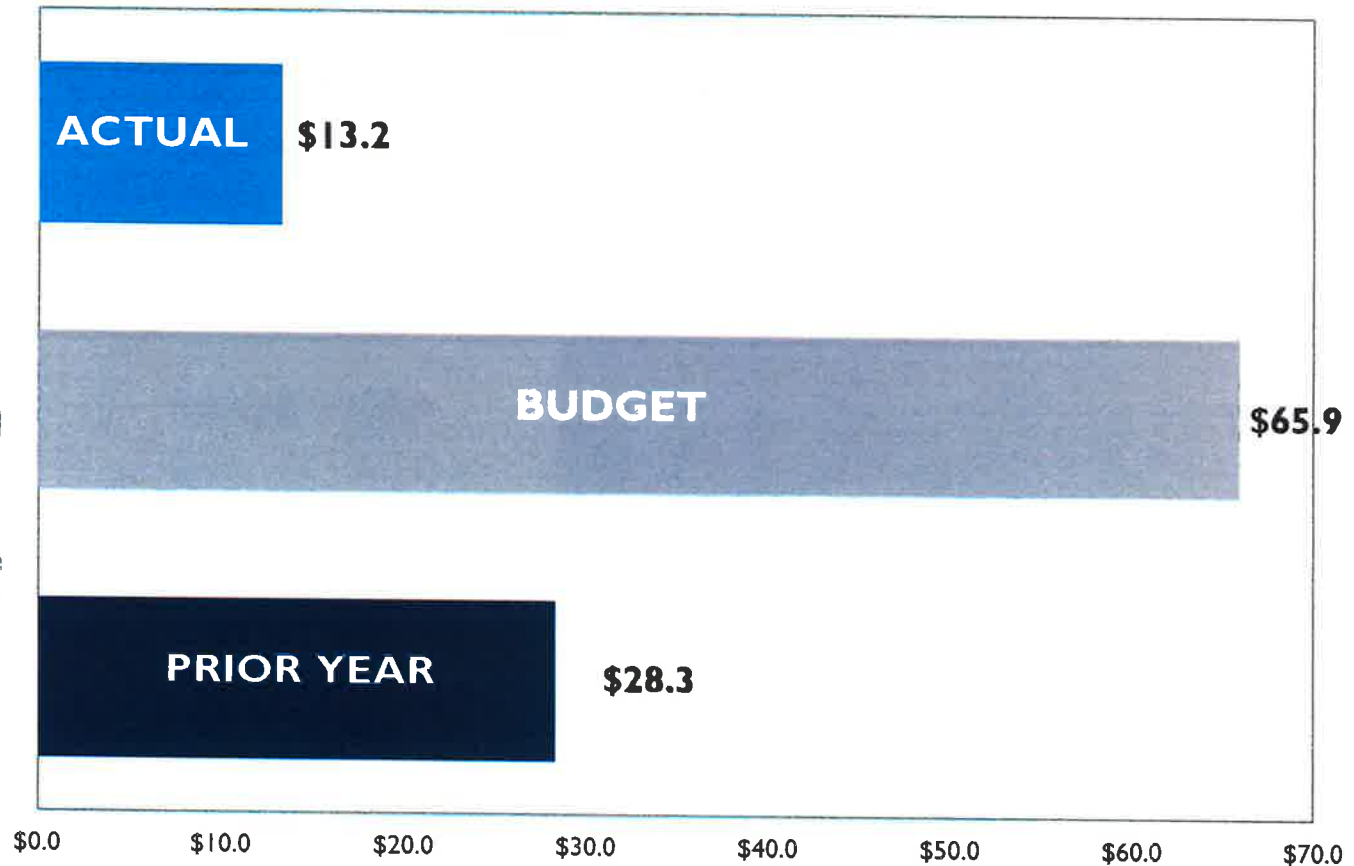
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



Change in Net Position:

For the Five Months Ended November 30, 2017















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

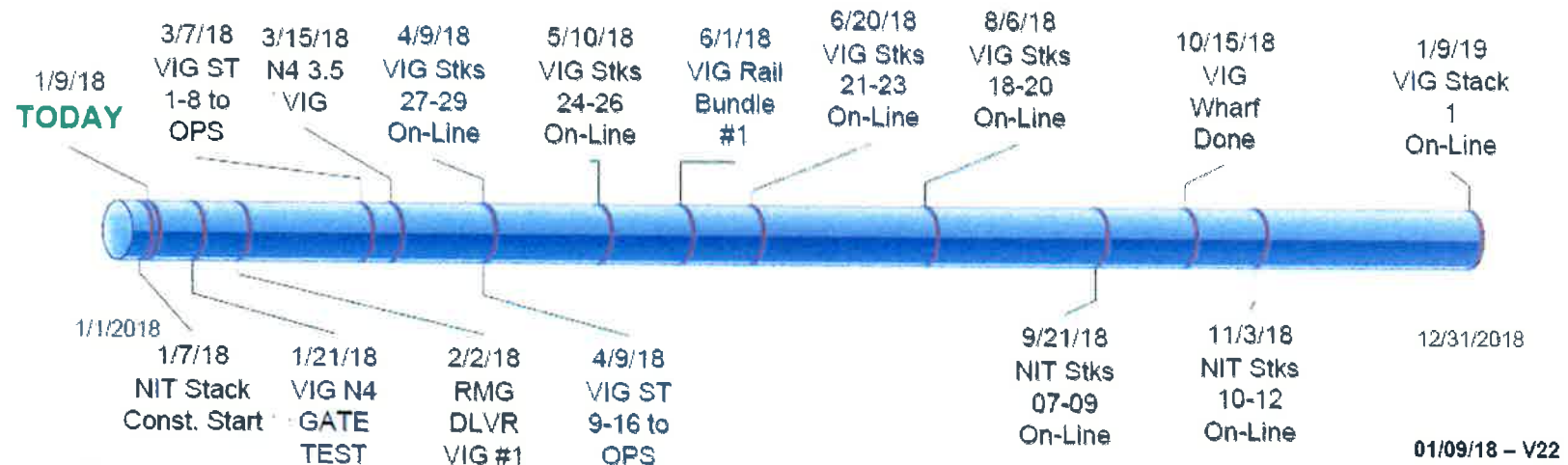
Fiscal Year-to-Date: Jul – December 2017				
	FY 2017	FY 2018	Change	% Change
Total TEUs	1,377,625	1,456,234	78,610	5.7%
Export Loaded TEUs	513,379	493,613	(19,766)	-3.9%
Export Empty TEUs	220,935	277,367	56,432	25.5%
Import Loaded TEUs	621,269	673,734	52,465	8.4%
Import Empty TEUs	22,043	11,522	(10,521)	-47.7%
Total Containers	778,669	825,630	46,961	6.0%
General Cargo Tonnage	10,787,551	11,039,730	252,178	2.3%
Container Tonnage	10,691,194	10,942,162	250,968	2.3%
Breakbulk Tonnage	96,357	97,568	1,210	1.3%
Total Rail Containers	285,397	286,504	1,107	0.4%
VIP Containers	17,465	18,270	805	4.6%
Total Barge Containers	22,597	25,077	2,480	11.0%
RMT Containers	11,225	12,719	1,494	13.3%
Total Truck Containers	470,675	514,049	43,374	9.2%
Ship Calls	923	873	(50)	-5.4%
Vehicle Units	15,646	20,403	4,757	30.4%

PROJECT STATUS

PROJECT	BUDGET	SCHEDULE
VIG Phase II		
VIG N4 Conversion		
NIT North Gate		
NIT PDS		
NIT Optimization		
Business Intelligence		
IT Business Continuity		

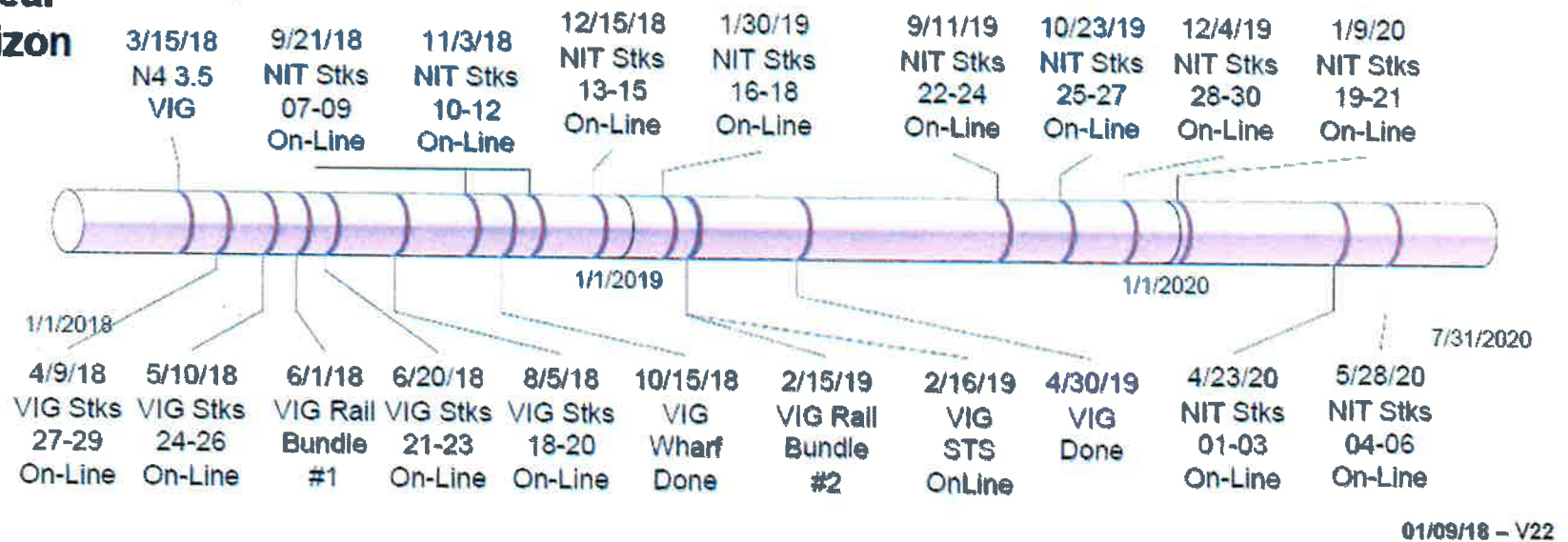
TIMELINES

12 Month Horizon

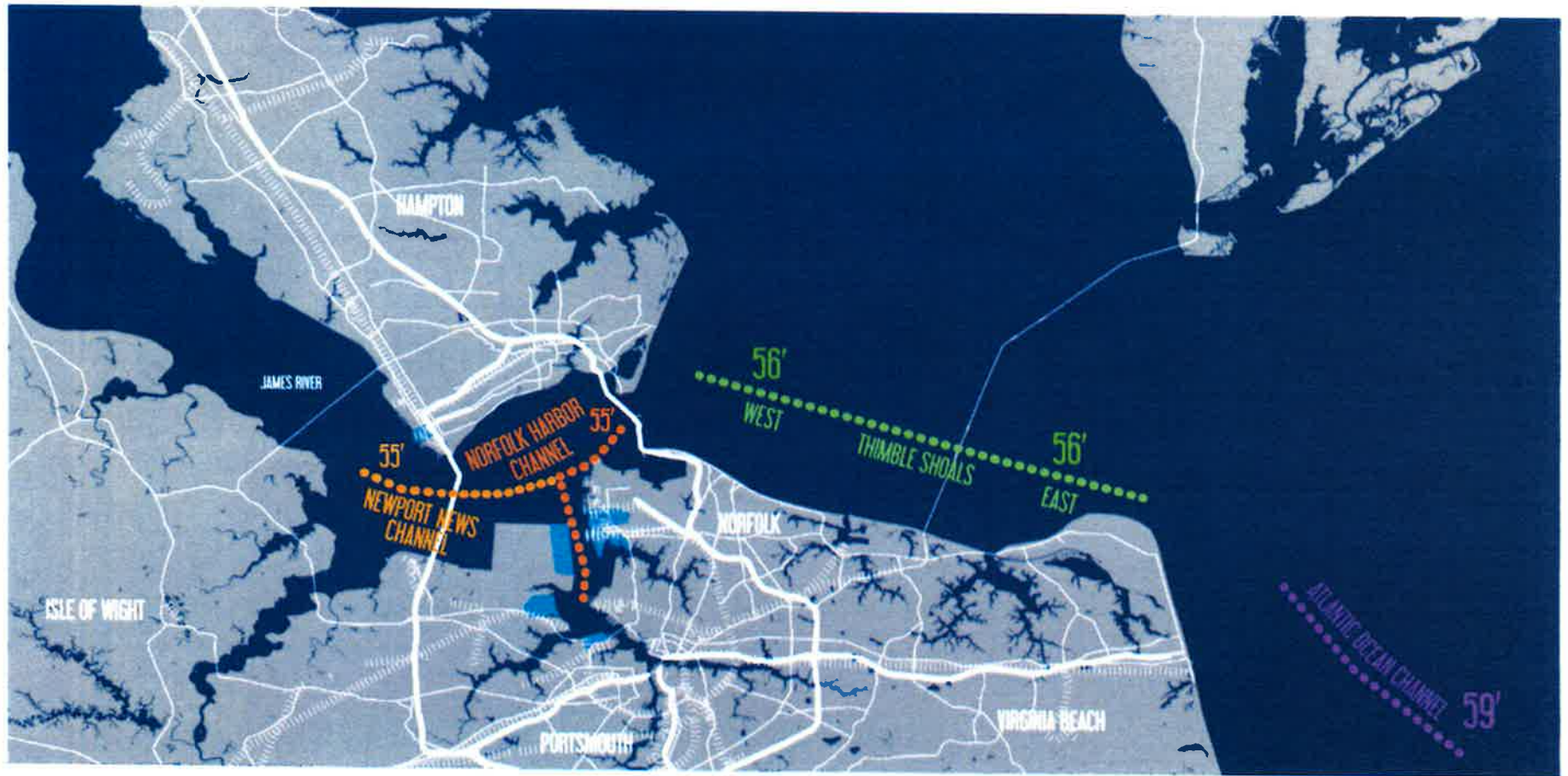


TIMELINES

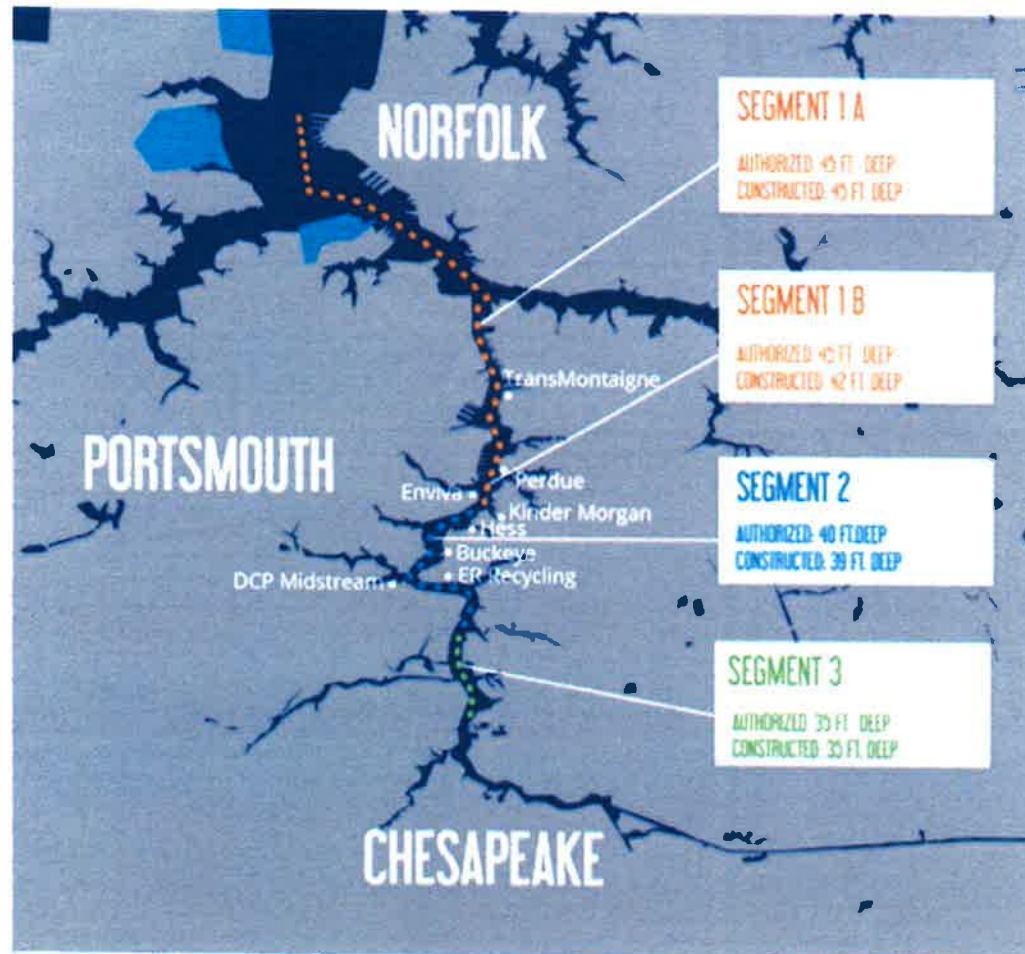
3 Year Horizon



NORFOLK HARBOR



ELIZABETH RIVER SOUTHERN BRANCH



CY17 ECONOMIC DEVELOPMENT TOTALS

45 ANNOUNCEMENTS



**MORE THAN 3,770,000 SQ.
FT. OF SPACE**



**INVESTED MORE
THAN \$1.6 BILLION**

**CREATED
6342 JOBS**



Source: POV Economic Development 1/2018

SINCE LAST BOARD MEETING...



Global Technical Systems, Virginia Beach

- Announcements: 7
- Square Footage: Over 800,000
- Investment: Over \$937 Million
- Jobs Created: 2845