MINUTES

ANNUAL MEETING - Board of Commissioners - Session 387
Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
Tuesday, July 24, 2018

The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its annual meeting on July 24, 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
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:
J. William Cofer
Val S. McWhorter

VPA Staff:
John F. Reinhart, CEO and Executive Director
Rodney W. Oliver, Chief Financial Officer
Cathie Vick, Chief Public Affairs Officer
James Bibbs, Chief Human Resources 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
Joe Harris, Senior Director, Media Relations
Nina Malone, Director, Financial Planning & Analysis
Dustin Rinehart, Director, State & Local Government Affairs
Anja Sparenberg, Director, Management Reporting & Analytics
Keith Brady, Senior Manager, Contracts & Insurance Administration

VPA Staff (continued):
Carla Welsh, Director, Creative Services
Vanessa Evans, Manager, Process Excellence
Debra J. McNulty, Secretary to the Board

Virginia International Terminals, LLC (VIT) Staff:
Thomas D. Capozzi, Chief Sales Officer
Shawn Tibbetts, Chief Operations Officer
Daniel LeGrande, Director of Inland Terminals & Sales Support

The Port of Virginia Summer Interns:
Ashley Scott, POV Sustainability
Gavin Cranford, POV Economic Development
Jamilla Stevens, POV Human Resources
Katie Beaver, POV Contracts & Risk Management

Guests:
W. Brice Fiske, Office of the Attorney General
Art Moye, Virginia Maritime Association (VMA)
David White, VMA
Bryant McGann, Vandeventer Black LLP
Robert R. Merhige, III, Special Assistant Attorney, City of Portsmouth

Introductions

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

I. Election of Officers

Report of the Nominating Committee and Election of Officers for the year July 1, 2018 through June 30, 2019.

Nominating Committee
Val. S. McWhorter, Chair
Faith B. Power
Kim Scheeler

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

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

Ms. Power announced that Commissioner McWhorter could not attend today's meeting. She reported that the Nominating Committee recommended the following slate of officers for the year ending June 30, 2019:

Chairman	John G. Milliken
Vice Chairman	F. Blair Wimbush
Treasurer	Rodney W. Oliver
Secretary	Debra J. McNulty
Assistant Secretary	Jodie L. Asbell

Action: Ms. Power made a motion for the Board to approve the Nominating Committee's slate of officers. The motion was seconded by Ms. Strayhorn. The Board closed the floor for nominations and, by an affirmative vote (9-0), with the exception of Chairman Milliken and Commissioner Wimbush, appointed Board officers for the fiscal year ending **June 30, 2019.**

Mr. Scheeler made the following motion on behalf of the Nominating Committee, in recognition of John Pullen's vice chairmanship:

John Pullen has served the Board and The Port of Virginia for the past seven years with distinction. John was elected as Vice Chairman of the Board on May 27, 2014, and has held that position through July 2018. His demeanor and leadership set a valuable example for the Board, the staff and the Port community as the make-up of the Board transitioned in 2014 and entered a period of exciting and exceptional growth and prosperity for the Commonwealth. We look forward to continuing to work with John as a member of the Board of Commissioners in the years to come.

It is hereby moved that the Board express its appreciation to John for his unselfish service as Vice-Chairman and to share its anticipation of his continued service and comradery.

The motion was seconded by Mr. Diamonstein and unanimously approved by the Board.

Chairman Milliken commended Mr. Pullen for his continued service to the Board and to the Commonwealth as a commissioner. The Chairman explained that Mr. Pullen's duties for his employer have grown, thus, necessitating the move from the vice chairmanship. Chairman Milliken also remarked that Mr. Pullen, along with Jennifer Aument, have provided continuity

and strength from the previous administration, especially during a time of transition at The Port of Virginia back in 2014.

Chairman Milliken also congratulated Vice Chairman Wimbush on his appointment by the Board.

II. Appointments to Standing Committees

Chairman Milliken announced that he would make appointments to Standing Committees at the September 25th board meeting. The Chairman invited Commissioners to contact him if they wished to change committee membership and that he would take their requests into consideration when determining appointments.

III. Other Business

There was no other business to report.

IV. Adjournment

There being no further business, the annual meeting adjourned at 9:10 a.m.

Respectfully submitted,

Debra J. McNulty

Debra J. McNulty
Secretary to the Board

MINUTES

MEETING - Board of Commissioners - Session 388
Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
Tuesday, July 24, 2018

The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its regular meeting on July 24, 2018, immediately following the annual meeting, in VPA's Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:10 a.m.

All attendees from the annual meeting, held previously, were present.

I. Approval of Minutes

Action: Minutes of the meeting held May 22, 2018 were approved as circulated.

II. Reports of Committees

A. Executive Committee – John G. Milliken, Chairman

1. Report of Executive Committee

Chairman Milliken reported that the Executive Committee met in closed session yesterday afternoon and discussed confidential legal issues with counsel.

2. Report on Memorandum of Board Action, pursuant to Sec. 3.4.1 of the Bylaws, approving a Harbor Pre-Construction Engineering and Design Contract (PED) for professional engineering services by Moffatt & Nichol

Chairman Milliken explained that Mr. Reinhart had requested authorization, pursuant to the VPA Bylaws, to approve a contract with Moffatt & Nichol to begin the engineering and design work on the channel deepening and widening project. The Chairman confirmed that he and Mr. Wimbush, by way of their authority as Board chair and chair of the Finance and Audit Committee, approved the request by email. Chairman Milliken referred to the memorandum of Board action for reference (attached). The Chairman confirmed that the contract with Moffatt & Nichol was underway.

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

1. Report of Finance and Audit Committee

Mr. Wimbush reported that the Finance and Audit Committee met on the afternoon of July 23rd and received presentations from management on progress towards the Fiscal Year 2018 financial close and upcoming audits, the financial results through May 31, 2018, status of the refunding of the Virginia Port Authority 2011 Commonwealth Port Fund (CPF) bonds, potential tariff impacts, Enterprise Risk Management, the development of the Port's Compliance and Ethics program, and SWaM (small, women-owned, and minority) outreach and results.

With regards to potential tariff impacts:

- Management estimates a roughly 1% volume impact at The Port of Virginia (POV) controlled terminals if the proposed first round of tariffs go into effect. The second round of tariffs could further impact POV volume by 3+%. Management will monitor and provide updates.

With regards to Enterprise Risk Management:

- Management briefed the Committee on the POV's recently established Enterprise Risk Management program, the goals of the program, monitoring and reporting, and the composition and responsibilities of the Enterprise Risk Committee.

With regards to the Compliance and Ethics Program:

- Management briefed the Committee on plans and a timeline to enhance the POV's current compliance and ethics programs in alignment with our values and mission.

With regards to SWaM results and outreach:

- The Committee was informed that results through the fourth quarter of Fiscal Year 2018 have been very positive, with the Authority achieving actual results of 32.36% spend with SWaM contractors on VPA discretionary expenditures, ahead of the overall goal. The Committee also received a presentation on outreach efforts and accomplishments.

2. VPA and Virginia International Terminals LLC (VIT) Consolidated Financial Reports for the month ended May 31, 2018, and FY18 year-to-date (July-May)

Mr. Oliver reported that the finance team is currently working on year-end results and that auditors are close to wrapping up the VIT and Hampton Roads Chassis Pool (HRCP) audits. He noted that the VPA audit would be conducted the middle of August and that audit results

on all three entities of The Port of Virginia would be reported at the September 25th board meeting.

Mr. Oliver presented the financial reports for the month of May and for the eleven months ended May 31, 2018 (FY18). For the month of May, Mr. Oliver reported that volumes were 6.2 percent down from budget expectations which affected revenues. He noted that revenues were higher than previous year but lower than expected. He explained how operating expenses increased due to the impacts of operations having to work around VIG and NIT South construction and efforts to move cargo to PMT. Mr. Oliver reported that POV had an operating loss of $800,000 for the month of May compared with a $2.7 million budgeted operating income. As reported in previous meetings, Mr. Oliver explained that due to the six-month project commencement delay of the NIT South optimization, funding from the state was likewise delayed which affected operating income. He reported that the NIT South project is progressing and that budget expectations are anticipated to improve by this time next year (FY19).

Mr. Oliver then reviewed fiscal year-to-date (July-May) financials for the eleven months through May and advised that revenues were higher than the prior year yet slightly below budget. Operating expenses were $1.7 million over budget due to terminal operations, depreciation, and trying to maintain service levels around the construction. He reported all other line items are within budget. For the fiscal year-to-date, Mr. Oliver reported that POV had a $1 million operating loss compared to $5.4 million operating income budgeted. Change in net position for the 11-month period was $51.8 million actual compared to $148.8 budgeted.

Mr. Oliver presented summary results on the Commonwealth Port Fund (CPF) debt refunding issue and reviewed the comparison of U.S. Treasury rates (see attached). He mentioned that 96 percent of the taxable sale were bonds based on U.S. Treasury and that it was a good time to be in the market. Mr. Oliver reported that signatures would be obtained this week for the July 26th closing.

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

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

1. Report of Growth and Operations Committee

Mr. Diamonstein reported that the Growth and Operations Committee met in closed session yesterday and heard reports from Chief Operations Officer, Shawn Tibbetts, who provided a safety report on the Lost Work Day (LWD). He advised that Mr. Tibbetts also provided a

labor update, current events that included Pro-Pass tracking system, HRCP chassis fleet growth, service movements, intra-harbor barge drayage program, as well as current events at NNMT and PMT. He added that Mr. Tibbetts provided operational updates on VIG and NIT and detailed progress on rail and gate operations at each of the terminals, cost analyses, and strategies for rail growth.

Mr. Diamonstein reported that the Committee also received a briefing from Rich Ceci, Vice President of Technology & Projects, on South NIT Optimization, VIG II expansion, N4 conversion status, and other projects that included truck reservations, business continuity, business intelligence, and Finance systems. Mr. Ceci also reviewed the South NIT build re-sequence, VIG II contingency and budget, equipment commissioning and delivery schedules and updated timelines for the 12-month and 3-month horizons for all of the ongoing projects at the Port. Mr. Diamonstein announced that Mr. Tibbetts would be providing an update on projects in Mr. Joseph Ruddy's absence.

2. Report on Safety/Operations and Projects – Shawn Tibbetts, Chief Operations Officer

Mr. Tibbetts reported that POV exceeded the FY18 Lost Work Days (LWD) goal over last year by 18.5 percent, resulting in 1.94 LWDs compared to the goal of 2.00. He commended POV colleagues for their efforts and affirmed that the Port continues to refine the program to make the terminals a safer place to work.

Mr. Tibbetts reviewed total POV rail vs. gate/barge volumes and volumes at NIT, VIG, and PMT. He announced that POV rail volumes were 32.3 percent of the 2.4 percent growth in TEU (twenty-foot equivalent units) tonnage for FY18. Mr. Tibbetts explained that the decrease in rail volumes at NIT and VIG were due to the transition of rail cargo to PMT due to the construction at both facilities. He reported that NIT rail dwell averaged 26 hours in June vs. the industry standard of 48.

Chairman Milliken asked what determines when a train leaves the terminal. Mr. Tibbetts explained how POV operations works with our rail partners to adhere to train schedules. He reported that additional labor hours and equipment has been put in service to make sure the rail schedules are maintained. A discussion ensued with regard to rail dwell and competition.

Mr. Tibbetts explained that VIG rail dwell increased in May due to congestion and the initial start of the N4 system. He also explained how PMT rail volumes have to be loaded over the road or by barge.

Mr. Tibbetts reviewed gate turn-times at each of the terminals and net crane moves per hour –

port-wide and for each of the terminals (NIT, PMT, VIG). With regard to crane moves, Mr. Tibbetts explained that the operations team continues to work with our stevedores to drive those productivity numbers up. He announced that POV and HRSA have partnered to purchase crane simulators for on-the-job training.

Project Status Update

Mr. Tibbetts announced that all projects are on budget and on schedule with the exception of VIG Phase II schedule impacts on the rail project and a slight delay on implementation of the NIT positional detection system (PDS) project.

Mr. Tibbetts reported that Stacks #26-29 are live and are used for the relocated rail operation and will eventually be turned into full use stacks to create more capacity at the facility. He presented an aerial which shows most of the stacks online and working at VIG.

Mr. Tibbetts reviewed progress on the 800-foot wharf extension at VIG, which is scheduled for completion after the first of the year, and progress on the north rail bundle indicating where the new CRMG (cantilevered rail-mounted gantry) cranes are positioned. He also reviewed the new inbound gate and rail portal at VIG and presented an aerial overview of progress to date as of July 3rd.

Mr. Tibbetts presented an aerial of the 33-acre section at South NIT that has been cleared for Phase I of the expansion and reported that the first three stacks will come online at the terminal in September. He announced that the Happy Buccaneer vessel arrived at NIT yesterday to offload the first set (3) of Automatic Stacking Cranes (ASCs).

Mr. Tibbetts also described the re-sequencing of construction phases at South NIT. He then presented anticipated timelines for 12-month and 3-year horizons (attached) and made note of the following key dates:

- 9/25/18 – NIT Stacks #7-9 online
- 1/30/19 – VIG takes delivery of four new ship-to-shore cranes
- 1/30/19 – NIT Stacks #16-18 online
- 6/15/19 – VIG done
- 6/15/20 – NIT done

Mr. Diamonstein announced that the Growth and Operations Committee also heard from Tom Capozzi, Chief Sales Officer, who provided rail updates, POV's status with London Metal Exchange, transload opportunities, peak season meetings, K-Line and General Motors business for Newport News Marine Terminal (NNMT), potential target updates to POV's Strategic Growth Plan, import/export news, and carrier visits.

3. Sales Report – Thomas D. Capozzi, Chief Sales Officer

Mr. Capozzi reviewed POV's volume statistics for FY2018 (attached). He reported that growth is driven by import loads and export empties and that export loaded container growth is down which was in line with the Journal of Commerce report.

Mr. Capozzi reported that breakbulk volumes are driven by machine tools, steel, silica shipments, and paper and he attributed the increase in barge business due to the Richmond barge.

Mr. Capozzi reviewed potential U.S. tariff impacts at POV on import and export commodities. He advised that the sales team will continue to track the effects of tariffs and report back to the Board.

The Panama Canal Board visited POV in June and Mr. Capozzi described the meetings and tours that took place during their visit.

Mr. Capozzi announced that POV received approval from the Warehouse Committee of the London Metal Exchange (LME) which was an ongoing process for two years. Ms. Strayhorn asked about the potential for business opportunities after POV receives full LME designation. Mr. Capozzi explained that there could be several potential revenue streams from leased warehousing space at port terminals, increased container business and cargo handling and wharfage.

Mr. Capozzi provided an update on the expansion of the USDA cold treatment pilot program that exists at POV that will include three new processes for refrigerated cargo, which he described.

Mr. Capozzi described several meetings that were held in Asia and Europe with Mediterranean Shipping Co (MSC), CMA-CGM headquarters, and ONE headquarters. He explained that the meetings provided good feedback and compliments on POV's services.

Mr. Capozzi described the industry events that several members of the POV sales team attended – Columbus Logistics Conference; AgTC Conference; and Breakbulk Europe.

Mr. Capozzi described the new customer relationship management (CRM) service package that was recently implemented at POV. Mr. Capozzi explained that customer service is playing a key role in educating our customers who are training on the new ProPass system and serving as a test group by using the system and providing feedback.

Mr. Diamonstein reported that the Growth and Operations Committee also received updates on strategic planning, from Dan Hendrickson, POV's Vice President, Strategic Planning & Analytics, and from Cathie Vick, Chief Public Affairs Officer, on the channel deepening pre-construction engineering and design (PED) schedule and NIT South Berth dredging.

At this time, Chairman Milliken introduced Mr. Jay Stecher who was reporting for Mr. Ruddy.

III. Report by Chief Innovation Officer – Jay Stecher, Vice President, Marketing & Communications (reporting for Joseph P. Ruddy)

Mr. Stecher reported that the Process Excellence division is working with Old Dominion University (ODU) to send 60 of our colleagues for the "Lean 101" class to teach process excellence. Mr. Reinhart mentioned the memorandum of understanding that POV signed with ODU to give them access to the N4 system so that they can teach people how to use the system. He advised that POV is also working with ODU and Tidewater Community College (TCC) on workforce development training.

Mr. Stecher reported on POV's FY18 messaging statistics – 2,924 mentions and $4.9 million in ad equivalency, with most of the key messaging "mentions" on the topics of port capacity, economic development and the 55-foot harbor deepening.

Mr. Stecher announced that POV won 13 awards from the American Association of Port Authorities (AAPA) for the Port's communications program. He explained how POV is working with the Virginia Economic Development Partnership (VEDP) to compare marketing and communications efforts and with local economic development organizations and others around the Commonwealth.

Mr. Stecher presented the newly-developed Port of Virginia "app", which tells The Port of Virginia story and he offered to demonstrate it for the commissioners after the meeting. He explained that every topic in the app is "clickable" which further breaks down information in each statistic.

Mr. Reinhart commended Mr. Stecher and the MARCOMM team for "doing a great job on our branding and messaging".

IV. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs reported that POV hosted the Denver Transportation Institute residency group the week of July 16th and he mentioned that they conducted classroom time at World Trade Center, and listed several of the tours and visits to port customers that were coordinated.

Mr. Bibbs described FY18 talent management initiatives that included Outreach Ambassadors, Employee Engagement Survey (95% completion rate); and the POV Intern Program (11 interns from 11 different colleges and universities). Mr. Bibbs announced the number of POV graduates from the Front-Line Leader Development Program (FDLP), Aspiring Leadership Development Program (ALDP), and Executive Development Program (EDP). He announced the first chapter of the POV Toastmasters Club which recently held an officer induction ceremony for 2018-2019.

Mr. Bibbs presented SmartDollar and described the financial wellness program, resulting in 196 participants and average participant financial turnaround of $5,489, and the FY18 wellness program that includes 389 colleagues and 122 spouses.

Mr. Bibbs reviewed the training and recruitment metrics and also new hire demographics. Mr. Wimbush asked for a comparison of demographics over last year. Mr. Bibbs reported that POV has had an increase in minority and female hiring and that POV is seeing growth in positions where minorities and females are rising to mid-level management. Ms. Aument asked about the average age statistics. Mr. Bibbs explained that the average age of colleagues in 2014 were 50-53 years and now the average is 36.09. Ms. Strayhorn said that the demographics information is very important and that she would like to see a higher comparison from one year to another. She said it was important for the Board to compare how much improvement POV has made over a time period and **she asked for additional information at the next meeting. Ms. Strayhorn also asked for more information on the Ambassadors Outreach program, so that Board members can know how POV colleagues are trained for their outreach/messaging efforts, for consistency, and she requested an update to the port acronym listing.**

Mr. Bibbs announced that the POV summer interns are scheduled to present their projects on Friday, July 27th (10:00 a.m.) and he invited Board members to attend. He added that, since the inception of the summer intern program four years ago, POV has hired eight interns as full-time port employees.

At this time, Chairman Milliken asked each of the interns present to introduce themselves and talk about the port projects that they worked on during their six week internship at POV. The following individuals provided a brief explanation of their projects:

Ashley Scott, POV Sustainability

Gavin Cranford, POV Economic Development
Jamilla Stevens, POV Human Resources
Katie Beaver, POV Contracts & Risk Management

V. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick presented a photo of the event that was held with Governor Northam and invited guests - "From Rendering to Reality" - celebrating the first six stacks that came online and implementation of the N4 terminal operating system at VIG.

Ms. Vick reported since the last Board meeting POV received the U.S. Army Corps of Engineers Chief's report on the channel deepening/widening projects and she presented a message to POV from Lt. General Todd Semonite, Chief of Engineers:

"Strongly endorse this critical project. Great project for "energizing the economy" and protecting DOD's maritime req'ts – while protecting the environment!! Standing by to begin construction!! Report is 6 months ahead of schedule!"

Ms. Vick provided an update on the Water Resources Development Act (WRDA) legislation and reported that the House version included language to expedite the Chief's report – Senate had not voted to date. She announced the Governor's budget includes $20 million for the pre-construction engineering and design (PED) and $330 million in bonds for the channel deepening and widening project. Ms. Vick reviewed the Channel Deepening Pre-Construction Engineering and Design (PED) schedule (attached).

Mr. Diamonstein questioned the effects that dredging may have on container ships transiting the harbor. Mr. Reinhart also mentioned that the Hampton Road Bridge Tunnel (HRBT) is slated for expansion during the Norfolk Harbor channel dredging timeframe. A discussion ensued with regard to collaboration among the various federal and state agencies.

At this time, Ms. Vick referred to the agenda materials which contained draft guidelines for the "VPA Policy on Grants to Local Governments for Financial Assistance for Dredging Activities" and Resolution 18-8, approving the guidelines for the Virginia Waterway Maintenance Grant Fund. Ms. Vick announced that Senator Linwood Lewis patroned the legislation after hearing several rural coastal communities express a need for dredging assistance for shallow draft waterways. Ms. Vick explained the purpose of the grant program and advised that it would follow the same application policy and schedule as the Aid to Local Ports (ALP) Grant Fund program. She advised that $1.35 million was allocated each year in this biennium by the General Assembly for the dredging grant program and there is about $7 million currently in the fund. Ms. Vick explained that the VPA Board would need to formally adopt guidelines for

administering the program and she addressed key components of the proposed guidelines. Resolution 18-8 was presented for the Board's approval at this time.

Action: Upon motion by Mr. Diamonstein, seconded by Mr. Wimbush, the VPA Board unanimously adopted Resolution 18-8 (11-0), approving the Governing Guidelines for the Virginia Waterway Maintenance Fund Grant Program.

Ms. Vick reported that Mr. Dustin Rinehart, Director, State & Local Government Affairs, has been coordinating meetings with state and local officials. She also thanked Commissioner Scheeler for participating in a tour of Richmond Marine Terminal (RMT) and development along the Commerce Corridor, for Richmond City Council members.

Ms. Vick reported the following fiscal year-end statistics for port-related Economic Development:

- 51 Announcements
- Created 5,017 jobs
- More than 3.7 million square feet of space
- Invested more than $1.4 billion

And since last board meeting:

- 9 Announcements
- Created 670 jobs
- More than 1.2 million square feet of space
- Invested more than $60 million

Ms. Vick announced that several POV colleagues participated in the annual LogistXGames (photo) which helps raise funding for industry workforce development in the field of warehousing and distribution. Richmond's event raised $20,000 for the Community College Workforce Alliance and the event in Hampton Roads raised over $100,000 over a period of five years for Paul D. Camp Community College and Tidewater Community College (TCC) workforce programs.

Ms. Vick announced that the new warehouse and distribution training facility in Isle of Wight won an award by the Virginia Economic Development Alliance.

Ms. Vick reported that the NIT South berth channel widening (phase 1) is underway which will provide a safe entrance and turning basin for 14,000 TEU vessels that will be completed by Norfolk Dredging in September 2018. Phase 2 is expected to be completed in calendar year 2019.

Ms. Vick reported that POV is currently in the process of demolishing condemned warehouses (#6, 7, 8) at NIT which will be completed by the end of August.

She reviewed the following activities by the Maritime Incident Response Team (MIRT) & Emergency Operations:

- Conducted 27th Annual Marine Firefighting School
- Coordinated Emergency Ops for Harborfest
- Multiple regional search and rescue (SAR) cases
- Mass rescue exercise is being planned for August

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

Mr. Reinhart announced that today's meeting was the first Board meeting for Fiscal Year 2019 and he highlighted the following progress from FY2018:

- Record volume year – 2.8 million TEU's
- Construction at VIG and NIT with capacity coming on line (First 6 RMG's arrived at NIT yesterday)
- Maintaining operations during construction to maintain service and safety
- Forecasting a breakeven year
- Introduced Navis-N4 terminal operating system (TOS) with tuning ongoing
- Introduced the trucker reservation system (TRS) and building use and acceptance
- Safety focus across enterprise is strong and safety culture is building
- Obtained Army Corps of Engineers Chief's Report on Wider, Deeper, Safer and executed MOU and preliminary engineering and design (PED) contract
- State support for PED $20 million and $330 million for dredging (thanks to Governor and Legislature)
- Colleague development is growing and alignment continues to build sustainability across the POV
- Economic Development across the Commonwealth is accelerating. Coordination with Virginia Economic Development Partnership (VEDP) is growing.
- The CNBC Top 5 States Poll – Virginia is ranked fourthin the Nation!
- Our brand is growing
- We are seeing the continued growth of ultra-large container vessels (ULCVs). These massive vessels are the wave of the future and the reason that POV's infrastructure and dredging plans are timely and critical.
- POV enters FY19 with a great team, a strong plan, and strategic focus.

Mr. Reinhart mentioned some headwinds that exist with tariffs, market competition, carrier consolidations and efforts to work safely through construction. He said we have a team

capable to adapt and to be resilient, driven by our values. Mr. Reinhart announced that "We are Revolutionizing America's First Port" will be the tag line at the American Association of Port Authorities (AAPA) convention in Valparaiso, Chile next October.
Mr. Reinhart thanked the Board, colleagues, and stakeholders for "a great year" and he remarked that, through the hard work and dedication of our entire team, we are building momentum, transforming our Port, and being good stewards of tomorrow. In conclusion, Mr. Reinhart said, "...working together, we will be the port of the future and a safe harbor for trade and an economic engine for Virginia".

VII. Unfinished Business

There was no unfinished business to report.

VIII. New Business

There was no new business to report at this time.

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

Mr. Art Moye announced the recent passing of Mr. Lynn Tarkenton, who was operations manager for Virginia International Terminals and labor negotiator for many years. Mr. Moye said Mr. Tarkenton was instrumental during the early growth years of VIT.

At this time, Chairman Milliken announced that the Board and POV colleagues would be departing for the tour of Target and CalCartage distribution centers (Suffolk) at this time.

There being no further business and no public comments, the meeting adjourned at 10:53 a.m.

Respectfully submitted,
Debra J. McNulty
Debra J. McNulty
Secretary to the Board

Following are the remaining 2018 meeting dates for the VPA Board of Commissioners Public Sessions (9:00 a.m. start time and subject to change):

September 25
November 14 (This is a Wednesday and was rescheduled from November 27 due to the Thanksgiving Holiday)

Committee meetings are scheduled the day before the Public Session.

THE PORT OF VIRGINIA

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 of Commissioners

Blair Wimbush, Chairman of the Finance and Audit Committee

Date: July 24, 2018

Subject: Action taken pursuant to Bylaws Section 3.4.1: The Executive Director's authority, to execute contracts for the Harbor Preliminary Engineering and Design Contract

---

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 issued a Request for Proposals ("RFP") for professional engineering services related to the harbor deepening and widening project. Upon evaluation of the proposals submitted in response to the RFP, the Authority determined that the proposal of Moffatt & Nichol represented the best value based upon the criteria in the RFP.

- The funding source for this capital expense procurement is the Commonwealth of Virginia as approved in the Virginia General Assembly's 2018 legislative session and effective July 1, 2018. The budget for this procurement is $20,000,000. The total cost of the contract shall not exceed $10,000,000 per term year.

- On July 2, 2018, 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 approve the final form and content of and, execute and deliver the contract for the preliminary engineering and design services of the channel deepening and widening project and such additional documents and certificates as are necessary and proper in furtherance of the contract with Moffatt & Nichol. The written consent of the Chairman of the Board and the Chairman of the Finance and Audit Committee was granted. *See attached* communications granting authorization.

Conclusion:

- Pursuant to Section 3.4.1 of the Authority's Bylaws, upon obtaining the written approval on July 2, 2018 of the Chairman of the Board and the Chairman of the Finance and Audit Committee, the contract for the preliminary engineering and design services of the channel deepening and widening project and such additional documents and certificates as are necessary and proper in furtherance of the contract with Moffatt & Nichol was authorized. Accordingly, the Executive Director executed the contract on July 13, 2018.

THE PORT OF VIRGINIA

VIRGINIA PORT AUTHORITY
600 WORLD TRADE CENTER, NORFOLK, VA 23510
(757) 683-8000

July 2, 2018

Via Electronic Mail

John G. Milliken
Chairman
Virginia Port Authority Board of Commissioners

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

Re: Authorization Requested Pursuant to Bylaws Section 3.4.1: Harbor Preliminary Engineering and Design Contract

Dear Chairmen,

The Virginia Port Authority ("VPA") issued a Request for Proposals ("RFP") for professional engineering services related to the harbor deepening and widening project. Upon evaluation of the proposals submitted in response to the RFP, the VPA determined that the proposal of Moffat & Nichol represented the best value to the VPA according to the criteria in the RFP.

The funding source for this capital expense procurement is the Commonwealth of Virginia as approved in the Virginia General Assembly's 2018 legislative session and effective July 1, 2018. The budget for this procurement is $20,000,000. The total cost of the contract shall not exceed $10,000,000 per term year.

Given the value of the professional engineering services contract, and pursuant to section 3.4.1 of the Virginia Port Authority Bylaws, I request your authorization to approve the final form and content of and, execute and deliver the contract for the preliminary engineering and design services of the channel deepening and widening project and such additional documents and certificates as are necessary and proper in furtherance of the contract with Moffat & Nichol. If your authorization is granted, please indicate below and a Memorandum of Board Action will be prepared for the July board meeting detailing this authorization.

Sincerely,

John F. Reinhart
CEO and Executive Director

SEEN AND AGREED this 2nd day of June, 2018

John G. Milliken
Chairman
VPA Board of Commissioners

F. Blair Wimbush
Chairman of the Finance and Audit Committee
VPA Board of Commissioners

Debbie McNulty

From: John G Milliken <jmillik3@gmu.edu>
Sent: Monday, July 02, 2018 5:33 PM
To: John Reinhart
Subject: RE: Authorization Request-Engineering Services-PED Channel Deepening + Widening

I approve.

From: John Reinhart <jreinhart@portofvirginia.com>
Sent: Monday, July 2, 2018 5:11 PM
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: Authorization Request-Engineering Services-PED Channel Deepening + Widening
Importance: High

Dear John and Blair,

Attached for your review is a letter of request for authorization for professional engineering services related to the harbor deepening and widening project.
Your email reply will suffice for approval.

We will have the document for your signatures at the upcoming board meeting to accompany the Memorandum of Board Action.

Warm Regards,
John

The information in this email and any attachments may be confidential and privileged. Access to this email by anyone other than the intended addressee is unauthorized. If you are not the intended recipient (or the employee or agent responsible for delivering this information to the intended recipient) please notify the sender by reply email and immediately delete this email and any copies from your computer and/or storage system. The sender does not authorize the use, distribution, disclosure or reproduction of this email (or any part of its contents) by anyone other than the intended recipient(s). No representation is made that this email and any attachments are free of viruses. Virus scanning is recommended and is the responsibility of the recipient.

Debbie McNulty

From: FB Wimbush <blair.wimbush@cox.net>
Sent: Monday, July 02, 2018 8:34 PM
To: John Reinhart; 'John G. Milliken'
Cc: Sarah McCoy
Subject: RE: Authorization Request-Engineering Services-PED Channel Deepening + Widening

John,

I think it is in the best interests of the Port to proceed expeditiously with the contract for engineering services. You have my authorization to proceed as described in your request.

Blair

Blair Wimbush
1330 Baffy Loop
Chesapeake, VA 23320
757.436.2772 (h)
757.373.6115 (c)

-----Original Message-----
From: John Reinhart <jreinhart@PortofVirginia.com>
Sent: Monday, July 2, 2018 5:11 PM
To: John G. Milliken (jmillik3@gmu.edu) <jmillik3@gmu.edu>; F. Blair Wimbush (Blair.wimbush@cox.net) <Blair.wimbush@cox.net>
Cc: Sarah McCoy <smccoy@PortofVirginia.com>
Subject: Authorization Request-Engineering Services-PED Channel Deepening + Widening
Importance: High

Dear John and Blair,

Attached for your review is a letter of request for authorization for professional engineering services related to the harbor deepening and widening project.
Your email reply will suffice for approval.

We will have the document for your signatures at the upcoming board meeting to accompany the Memorandum of Board Action.

Warm Regards,
John

The information in this email and any attachments may be confidential and privileged. Access to this email by anyone other than the intended addressee is unauthorized. If you are not the intended recipient (or the employee or agent responsible for delivering this information to the intended recipient) please notify the sender by reply email and immediately delete this email and any copies from your computer and/or storage system. The sender does not authorize the use, distribution, disclosure or reproduction of this email (or any part of its contents) by anyone other than the

May 2018
Financial Report

Rodney W. Oliver

Chief Financial Officer

THE PORT OF VIRGINIA | *Stewards of Tomorrow*

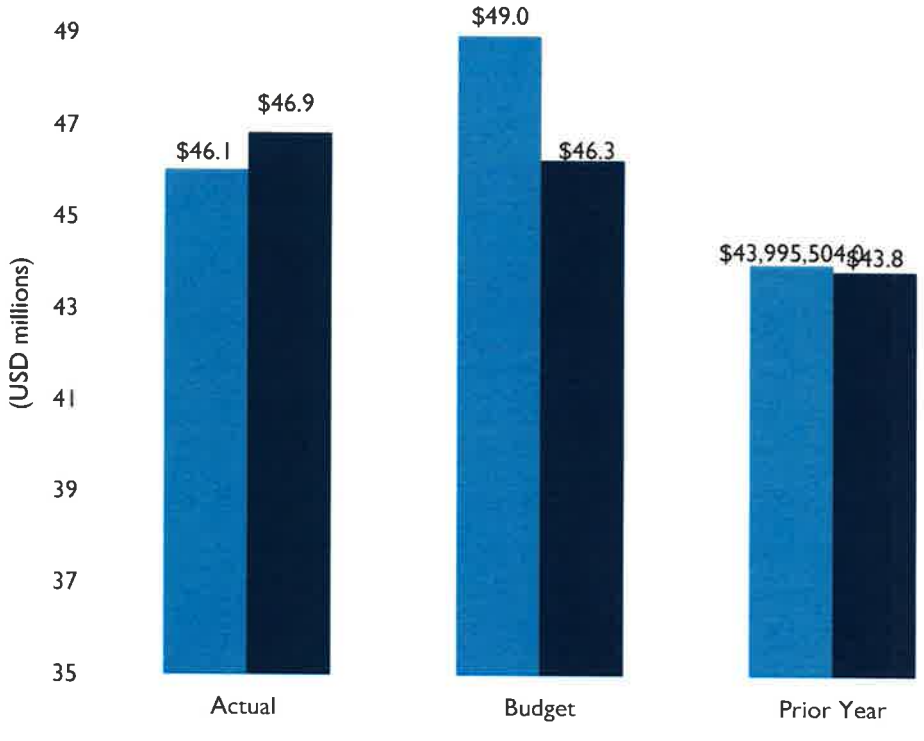
AGENDA

- May Financial Results
- Commonwealth Port Fund (CPF) Debt Refunding Update

OPERATING REVENUES AND EXPENSES:

For the Month Ended May 31, 2018

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.

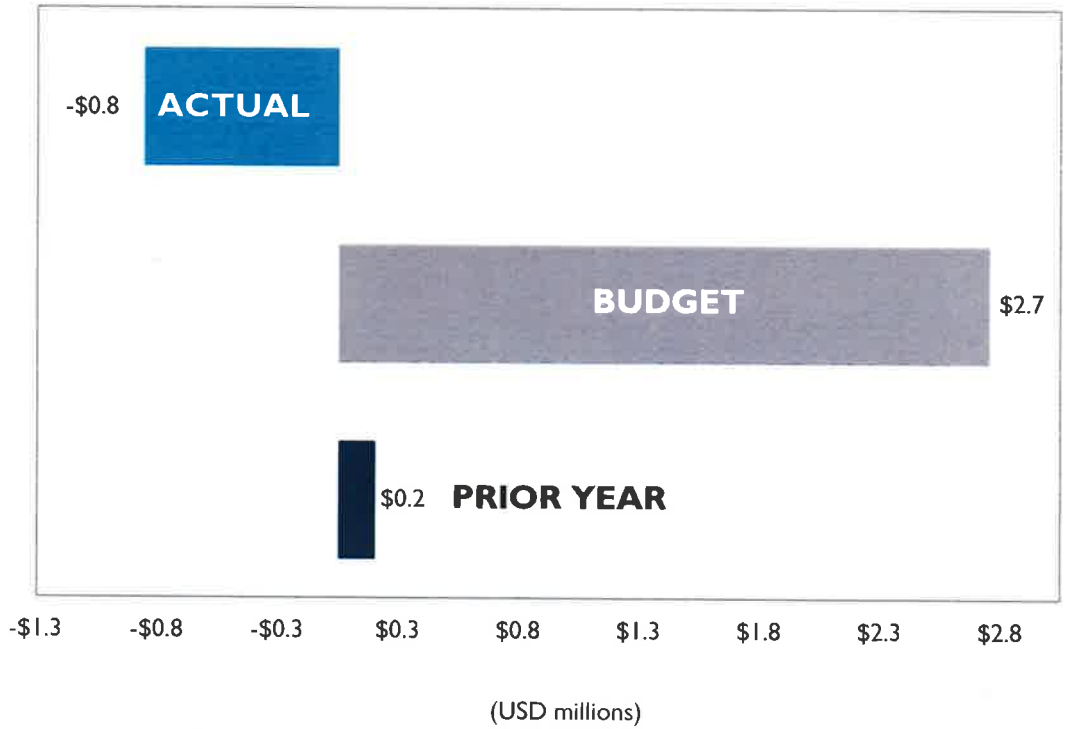


THE PORT OF VIRGINIA | *Stewards of Tomorrow*

OPERATING INCOME (LOSS):

For the Month Ended May 31, 2018

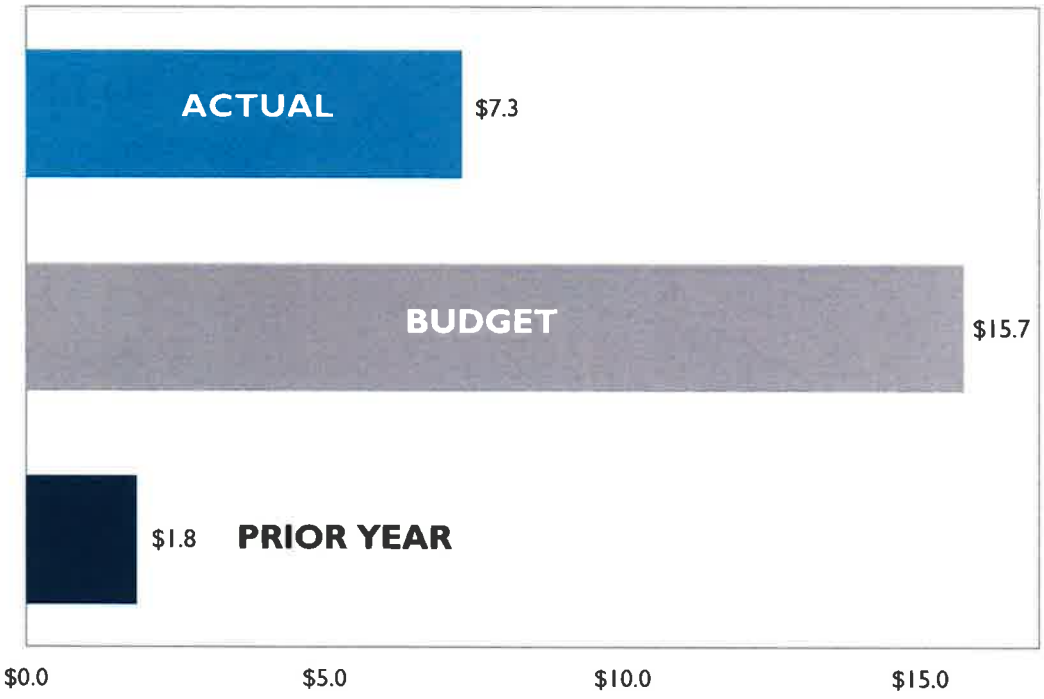
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended May 31, 2018

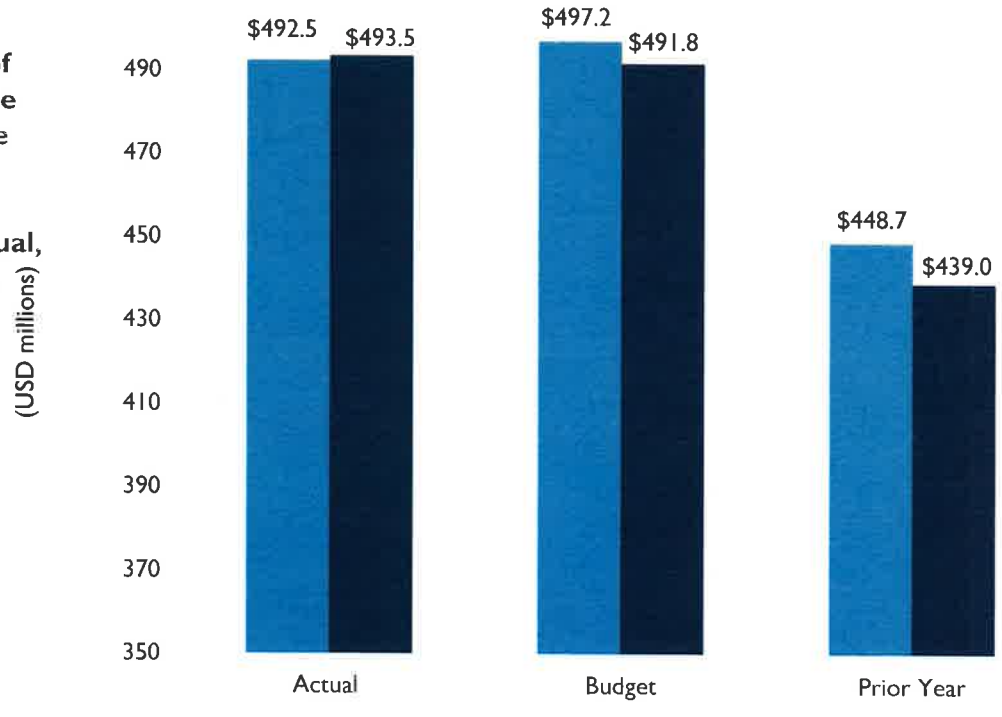
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



OPERATING REVENUES AND EXPENSES:

For the Eleven Months Ended May 31, 2018

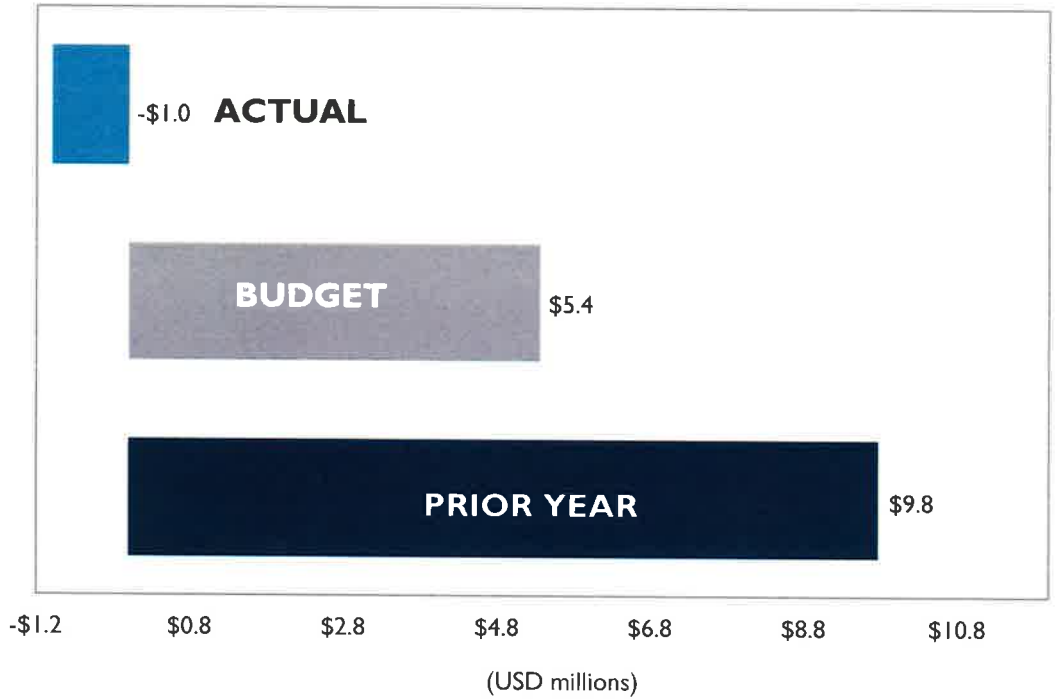
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



THE PORT OF VIRGINIA | *Stewards of Tomorrow*

OPERATING INCOME (LOSS):
For the Eleven Months Ended May 31, 2018

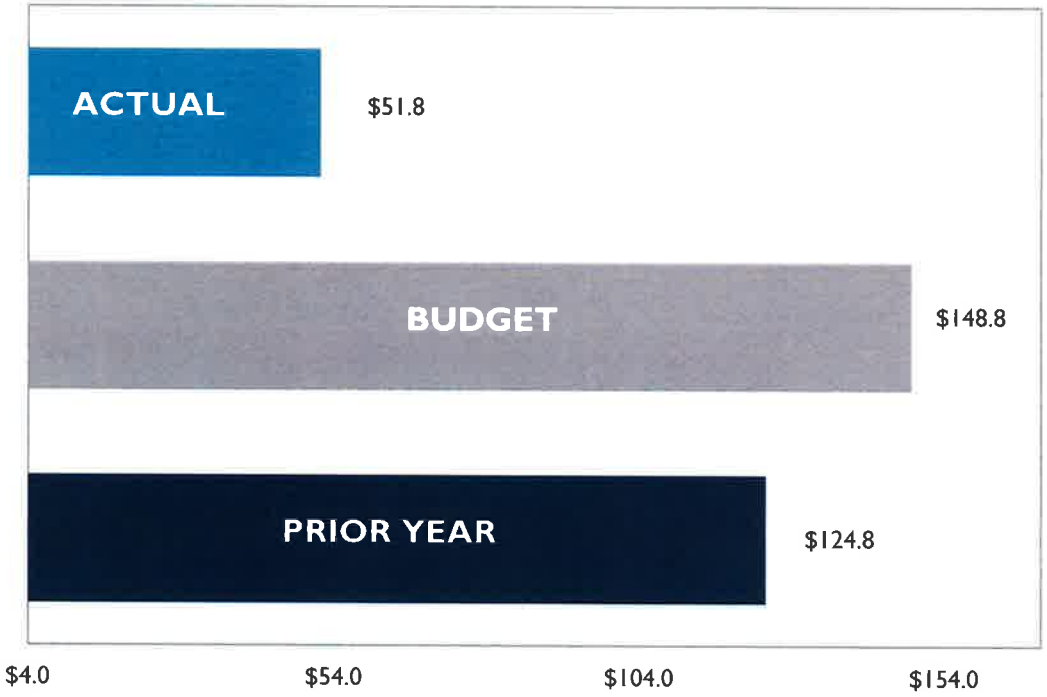
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



THE PORT OF VIRGINIA | *Stewards of Tomorrow*

Change in Net Position:
For the Eleven Months Ended May 31, 2018

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.



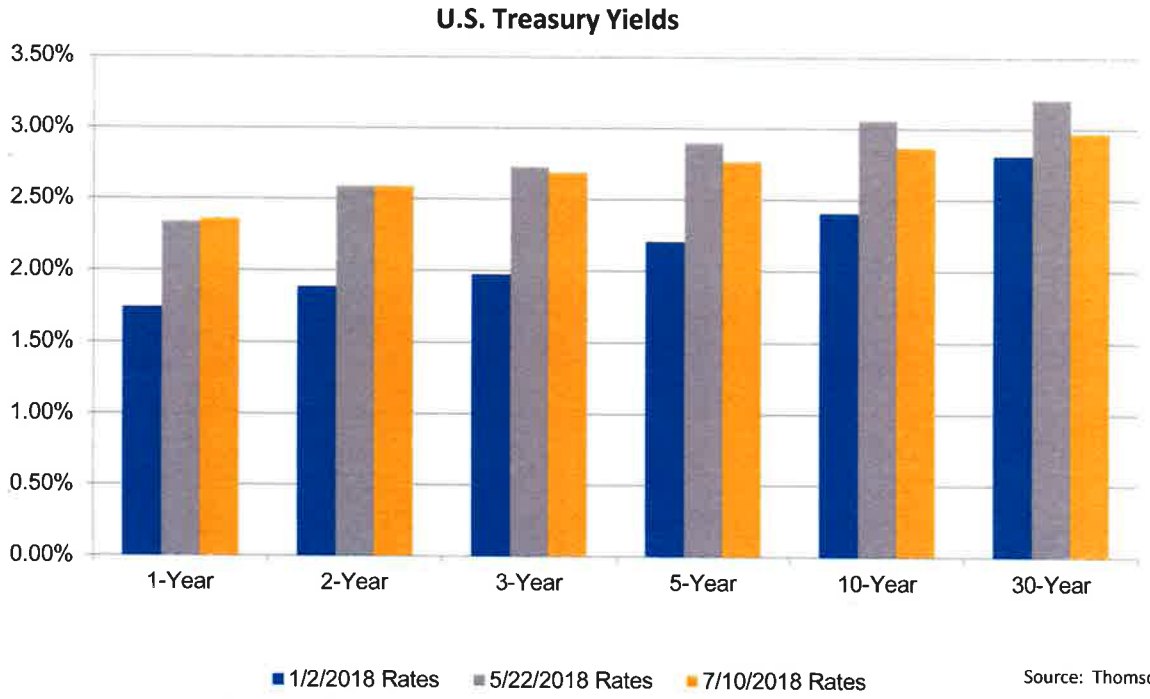
SUMMARY RESULTS

On July 10, 2018, VPA successfully priced its 2018 refunding bonds, achieving well in excess of the minimum net present value (NPV) savings target of 3%.

Commonwealth Port Fund Revenue Refunding Bonds, Series 2018 (Taxable)	
Principal Amount	$60,345,000
Credit Ratings	Aa1/AA+/AA+
Purpose	To refinance $57.370 million of Series 2011 Bonds due in 2028 to 2036 & callable for early redemption on 7/1/2020 for savings
Net Present Value Savings as % of Refunded Par	7.81%
Net Present Value Savings ($)	$4,482,980
Average Annual Cash Flow Savings (FY2020 to FY 2036)	$364,752
True Interest Cost (TIC)	3.86%
Average Life	14.4 years

U.S. TREASURY RATES

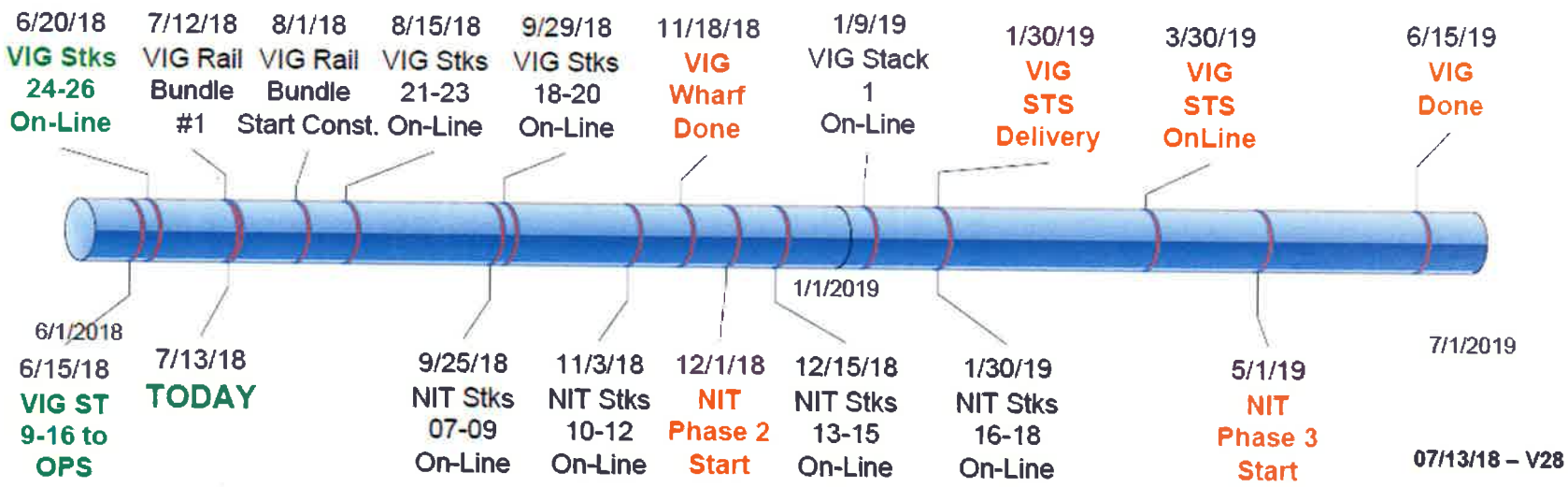
Taxable municipal bonds are priced relative to U.S. Treasury yields which have generally been rising for the most of the year with more pronounced increases in short term rates, resulting a fairly flat yield curve.



Source: Thomson Municipal Market Monitor, as of July 10, 2018

TIMELINES

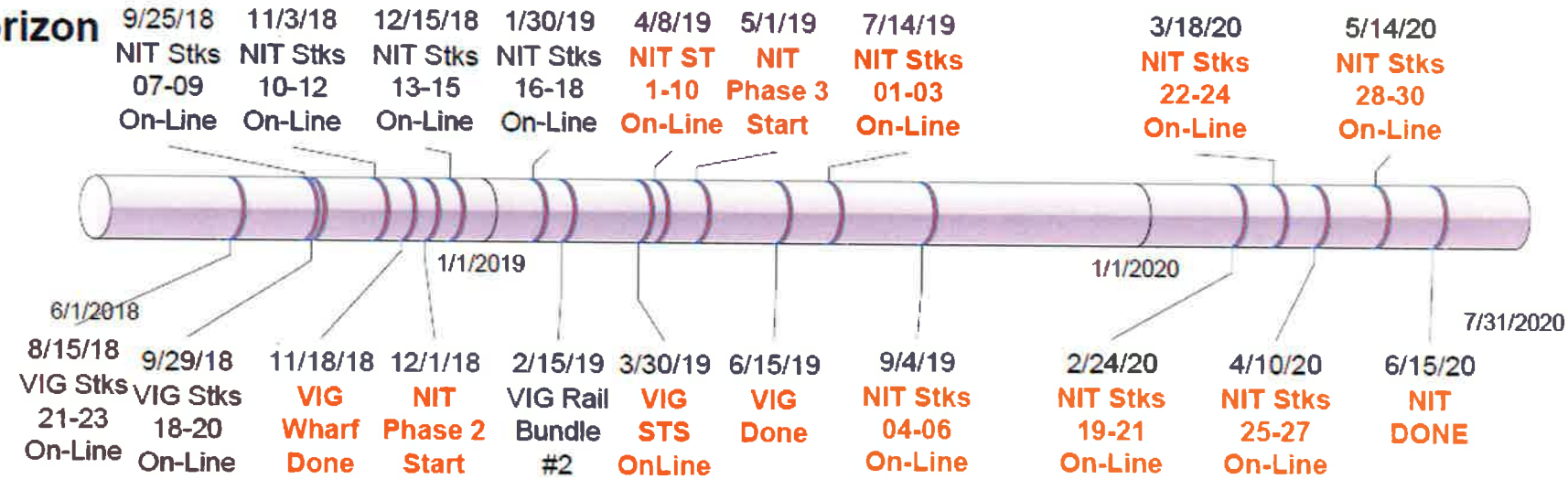
12 Month Horizon



07/13/18 – V28

TIMELINES - continued

3 Year Horizon



07/13/18 – V28

POV VOLUME - FY 2018

	FY 2017	FY 2018	Change	% Change
Total TEUs	**2,762,407**	**2,827,740**	**65,333**	**2.4%**
Export Loaded TEUs	1,034,336	1,002,662	(31,674)	-3.1%
Export Empty TEUs	450,305	497,039	46,733	10.4%
Import Loaded TEUs	1,223,870	1,303,528	79,658	6.5%
Import Empty TEUs	53,896	24,512	(29,384)	-54.5%
Total Containers	**1,565,799**	**1,603,792**	**37,993**	**2.4%**
General Cargo Tonnage	**21,719,540**	**22,107,490**	**387,950**	**1.8%**
Container Tonnage	21,533,626	21,911,004	377,379	1.8%
Breakbulk Tonnage	185,914	196,486	10,572	5.7%
Total Rail Containers	**568,894**	**559,307**	**(9,587)**	**-1.7%**
VIP Containers	34,933	36,710	1,777	5.1%
Total Barge Containers	**46,594**	**49,482**	**2,888**	**6.2%**
RMT Containers	22,500	27,626	5,126	22.8%
Total Truck Containers	**950,311**	**995,003**	**44,692**	**4.7%**
Ship Calls	**1,796**	**1,705**	**(91)**	**-5.1%**
Vehicle Units	**32,249**	**33,050**	**801**	**2.5%**

CHANNEL DEEPENING PRE-CONSTRUCTION ENGINEERING AND DESIGN (PED) SCHEDULE

Task	Date	Status
Prelim PED Effort	June 18	Preparing initial scopes Memorandum of Understanding (MOU) Initiating design agreement
Chief's Report	6/29/18	On schedule
Stakeholder Engagement	9/2018	Seeking consensus to phase contracts and construction schedules (District, VPA, Industry, Pilots, EPA)
Design	8/2018 – 7/2020	Ship Simulator CBBT Cover Modification Channel / Meeting Area Design
Permitting (JPA)	Fall 2018 – Fall 2019	Jointly signed permit, flexible Sediment Sampling (EPA Concurrence, Section 103) Cultural Resources, Section 106 Marine Mammal Protection Act, Section 7
Bid Documents	Winter 2019	Several contracts expected First contract ready to advertise or initial award in July 2020
Construction	July 2020	To begin July 1, 2020

RESOLUTION 18-8

AUTHORIZING THE ADOPTION OF GUIDELINES ADMINISTERING THE VIRGINIA WATERWAY MAINTENANCE GRANT PROGRAM IN ACCORDANCE WITH SECTION 62.1-132.3:4 OF THE CODE OF VIRGINIA OF 1950 AS AMENDED

WHEREAS, Section 62.1-132.3:3 of the Code of Virginia of 1950 as amended establishes the Virginia Waterway Maintenance Fund (the "Fund") to be administered by the Virginia Port Authority (the "Authority");

WHEREAS, Section 62.1-132.3:4 of the Code of Virginia of 1950 as amended instructs the Authority to develop guidelines establishing an application process, procedures for evaluating the feasibility of a proposed dredging project, and procedures for awarding grants under the Fund;

WHEREAS, the Board of Commissioners have been presented at its meeting the proposed form of the Virginia Waterway Maintenance Grant Program Guidelines (the "Guidelines") in compliance with the requirements of Section 62.1-132.3:4 of the Code of Virginia for consideration and approval.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE VIRGINIA PORT AUTHORITY, as follows:

Section 1. Approval of the Virginia Waterway Maintenance Grant Program Guidelines. The Guidelines presented to the Board are hereby approved in the form presented at this meeting with such changes, omissions and insertions as may be approved by the Executive Director on the advice of the Authority's legal counsel. Any such changes shall be reported to the Board of Commissioners at their next regularly scheduled meeting and be subject to veto by simple majority.

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, any of whom may act, 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 adoption of this Resolution.

Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED this 24th day of July, 2018.

John G. Milliken
Chairman

Attest:

Debra J. McNulty, Clerk

VIRGINIA PORT AUTHORITY
POLICY ON GRANTS TO LOCAL GOVERNMENTS FOR FINANCIAL ASSISTANCE FOR DREDGING ACTIVITIES

PREFACE: In May 2018, the Virginia General Assembly established the Virginia Waterway Maintenance Fund for the purpose of supporting shallow-draft dredging projects throughout the Commonwealth. The source of the grant funds shall be the Virginia Waterway Maintenance Grant Fund. The Virginia Port Authority finds it necessary and in the public body interest, and pursuant to its statutory responsibility, to establish the Virginia Waterway Maintenance Grant Program Guidelines. This policy shall be as follows:

I. DEFINITIONS

A. Applicant – refers to the political subdivision and the governing bodies of Virginia localities.

B. Study – refers to feasibility and cost evaluations, pre-project engineering studies, and project permitting and contracting costs for a waterway project conducted by a political subdivision of the Commonwealth.

C. Carryover Funds – refers to unused funds for awarded projects. Funds must be reapplied for each year.

D. Dredging – refers to the removal of sediments and debris from the bottom of lakes, rivers, harbors, and other water bodies.

E. Items of Local Cooperation – include specific requirements on the applicant for implementation of a federal, state or local project. Such items include but are not limited to lands, easements, rights-of-way, relocations, dredge material disposal sites, and cash contributions.

F. Beneficial Use – refers to innovative uses and placement alternatives for dredge materials that produce public, economic or environmental benefits.

G. Shallow draft dredging – refers to rural coastal waterways that have recognized and established navigable channels that are pivotal to the use and enjoyment of docks, marinas, boat yards and working waterfronts. Shallow draft dredge areas can be categorized as primary, secondary (including smaller tributaries and marked and unmarked channels) having a water depth of 14' or less.

II. ADMINISTRATION

The following elements will guide the application, allocation, and distribution of the Virginia Waterway Maintenance Grant Fund:

A. FOR ALL PROJECTS FOR WHICH VIRGINIA WATERWAY MAINTENANCE GRANT FUNDS ARE REQUESTED.

1) The Virginia Port Authority will serve as the responsible agency for administering the Virginia Waterway Maintenance Grant Fund.

2) Funds will be used to support: (i) feasibility and cost evaluations, pre-project engineering studies, and project permitting and contracting costs for a waterway project conducted by a political subdivision of the Commonwealth; (ii) the state portion of a nonfederal sponsor funding requirement for a federal project, which may include the beneficial use of dredged materials that are not covered by federal funding; (iii) the Commonwealths' maintenance of shallow-draft navigable waterway channel maintenance dredging and the construction and management of areas for the placement of dredged material; and (iv) the beneficial use, for environmental restoration and the mitigation of coastal erosion or flooding, of dredged materials from waterway projects conducted by a political subdivision of the Commonwealth.

3) For a project to be eligible for funds, VPA, in its sole discretion, must determine that the proposed project is economically feasible based on preplanning study or current level of business, will not directly competitively disadvantage existing publicly-owned port facilities, and will further the interests of the Commonwealth of Virginia. Development and presentation of the information needed to determine project eligibility will be the responsibility of the applicant.

4) Requests for funding and their disposition shall be as follows:

   Requests for funding shall be made by March 1st. Applicants may be required to make oral presentation of the requests to the VPA. Funds will be allocated by VPA at its May Board of Commissioners meeting and available for successful applicants by July 1st of that year.

5) Application Guidelines: The applicant shall submit a completed application to the VPA that contains the following information: statement of need and urgency, total project cost, timeline and phases of project, feasibility of the proposed planning and/or dredging project, status of any necessary permits, the adequacy of the applicants project management, the potential beneficial use of dredged materials for the purpose of mitigation of coastal erosion, flooding or other purposes, potential beneficial impact to the community, and total amount of funding being requested.

6) Prior to the receipt of a grant, the applicant shall enter into a memorandum of understanding with the VPA establishing the requirements for the use of grant funds.

7) Disbursements: The applicant shall submit a requisition to the VPA for payment. The requisition shall be accompanied by supporting invoices or other documentation as well as a certification of the applicant that the work has been performed or that payment is otherwise properly due. The requisition shall further set forth the name of the person or entity to whom payment is to be made, the amount of payment, and the project for which the payment is to be made. Requisitions may be submitted quarterly or at the completion of the

project. When the project is completed, the applicant shall certify its completion date to the VPA.

8) Requests not made within the schedule of Paragraph 4 above, shall be considered only when accompanied by a statement declaring the need for funds an emergency, with consequences of non-funding clearly specified, or a statement explaining why the schedule in Paragraph 4 above could not be met. Requests must be received no later than three weeks prior to the next regular Board of Commissioners meeting to be considered at that meeting.

9) VPA will allocate an amount appropriated by the General Assembly for projects which are judged to meet the criteria above.

10) VPA, in its sole discretion, may allocate the total amount requested to an applicant, any portion thereof, or may decline to allocate funds for the project. These funds may not be used for any dredging project for a solely privately owned marina or dock. Additionally, special consideration will be given in the first year to applicants who can provide a 3 to 1 match for requested funds.

B. ADDITIONALLY, FOR PROJECTS WITH POTENTIAL FEDERAL INTEREST

1) Applicant must have made previous, or must make simultaneous, "application" for federal funds.

2) VPA recognizes that local sponsors for federal projects must agree to share with the federal government in the cost of studies and construction as a condition necessary for the initiation of federal study of the project. VPA agreement to provide support necessary to allow for the initiation of any project is conditional upon the later determination of VPA that the standards in II.A.3 above are met and that funds are available.

3) VPA shall be given the opportunity to review and comment on all cost sharing agreements between the local sponsor and federal government prior to releasing any funds.

4) If undertaken prior to the receipt of federal funds, but for which federal funds are committed, projects must be completed within the time frame determined reasonable by the Corps of Engineers in project studies.

C. ADDITIONALLY, FOR NONFEDERALLY FUNDED PROJECTS:

1) There will be no financial contribution requirement for the applicant.

2) Special consideration will be given to any project application that supports waterway enhancement in rural coastal Virginia as defined by §15.2-7600. Localities as defined by §15.2-7600 will provide evidence of working waterfront businesses or commercial fishing or seafood business and the need for dredging project.