

MINUTES

Virginia Port Authority Board of Commissioners – Public Session 391

600 World Trade Center

Norfolk, Virginia

Tuesday, January 29, 2019

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on January 29, 2019, 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
F. Blair Wimbush, Vice Chairman
J. William Cofer
Val S. McWhorter
Stephen Moret
Faith B. Power
John N. Pullen
Kim Scheeler
Louisa M. Strayhorn
Deborah C. Waters

Commissioners Absent:

Jennifer D. Aument
Alan A. Diamonstein
Manju S. Ganeriwala, State Treasurer

VPA Colleagues:

John F. Reinhart, CEO and Executive Director
James Bibbs, Chief Human Resources Officer
Sarah McCoy, General Counsel
Rodney W. Oliver, Chief Financial Officer
Joseph P. Ruddy, Chief Innovation Officer
Cathie Vick, Chief Public Affairs Officer
Matthew Barnes-Smith, Sr. Vice President, Administration Services & Compliance
Jason Barlow, Vice President, Contracts & Risk Management
Christopher (“Kit”) Chope, Vice President, Sustainability
Jay Stecher, Vice President, Marketing & Communications
Russell Held, Vice President, Economic Development
Joe Harris, Senior Director, Media Relations
Ron Green, Director, Process Excellence
Andrew Sinclair, Director, Federal Government Affairs
Carla Welsh, Director, Creative Services

VPA Colleagues (continued):

Russell Young, Director, Economic Development

Sara Burnett, Manager, Commercial Pricing

Debra J. McNulty, Secretary to the Board

Virginia International Terminals, LLC (VIT) Colleagues:

Shawn Tibbetts, President and Chief Operations Officer

Thomas D. Capozzi, Chief Sales Officer

Joe O'Brien, Vice President, Ocean Carrier Sales

Guests:

F. Brice Fiske, Office of the Attorney General

Frank Borum, Atlantic Intermodal Services, LLC (APL)

Kathleen Bowe, PFM Asset Management, LLC

JoAnne Carter, PFM Financial Advisors, LLC

Kevin Pennock, Dewberry

Savannah Pegg, DLS Engineering

Jacob S. Meek, Jenn Transport

Terry Hill, Neabsco Creek, LLC

Robert Crockett, Advantus Strategies

Bryant McGann, Vandeventer Black LLP

David White, Virginia Maritime Association (VMA)

Media:

Gordon Rago, *The Virginian-Pilot*

Safety Briefing and Introductions

Mr. Ruddy conducted the safety briefing at this time. Mr. Harris introduced guests who were in attendance.

I. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the regular meetings of the VPA Board, held September 25, 2018, and November 14, 2018, were approved as circulated.

II. Reports of Committees

A. Executive Committee – John G. Milliken, Chairman

I. Report of Executive Committee

Chairman Milliken reported that the Executive Committee met in closed session Monday afternoon to discuss confidential issues regarding a real estate matter, briefing by General Counsel on legal issues, and personnel issues involving the annual performance review of the CEO and Executive Director. The Chairman announced that there was no action taken by the Executive Committee.

B. Finance and Audit Committee – Faith B. Power, Committee Chair

I. Report of Finance and Audit Committee

Ms. Power reported that the Finance and Audit Committee met in closed session Monday afternoon and received presentations from management, PFM Asset Management, and PFM. She advised that topics of discussion included an update on the ports risk management program, compliance initiative, warehouse initiative, asset management study, Small, Women, and Minority (SWaM) results through the second quarter of the fiscal year, an investment management program update, a proposed extension of the port's Master Equipment Lease Program (MELP), a billing system and financial system project update, response to audit comments, and November financial results.

Ms. Power highlighted the following that was discussed in the Finance and Audit Committee meeting:

With regards to the Administration Services and Compliance Division:

- Management gave a comprehensive overview of the port's natural disaster liability risk mitigation strategy to include both liability insurance and the Schedule of Rates (SOR).
- Management also discussed the enterprise risk management program giving both an update and detailed explanation of the quarterly changes in the enterprise risk metrics.

With regards to the ports investment management program:

- The aggregate portfolio managed by PFMAM has a yield to maturity of 2.6% as of December 31, 2018. In addition, management has negotiated a 1.5% yield of operating funds held overnight to further increase interest earnings.

With regards to MELP:

- The Port is proposing an extension of its existing MELP program by an additional year and an additional \$30 million in capacity. Management briefed on the proposed procedural path forward.

- Likely, initial use of the program will be to purchase two new ship-to-shore cranes for NIT.

With regards to the billing system and financial system projects:

- Management discussed the status of each project, including progress to date, timeline, and budget.
- For the billing system project, management noted that the timeline for completion has been extended until at least the end of June 2019 due primarily to limited consulting resources and ancillary operating systems development
- Both projects are within budget and the financial system project timeline is still estimated to go-live April 29, 2019.

With regards to the response to audit comments:

- Management is making progress on addressing the points noted in the audit as well as additional questions the Finance and Audit Committee had for the team.

At this time, Chairman Milliken made a few remarks about the ongoing project to modernize the Port's current financial reporting and billing system which he described was "very complex". The Chairman congratulated Mr. Oliver and the finance team for their work to-date on the project and for the Finance and Audit Committee's oversight.

2. VPA and VIT Consolidated Financial Reports for the month ended November 30, 2018 – Rodney W. Oliver, Chief Financial Officer

Mr. Oliver thanked Chairman Milliken remarked that it will be good to move from the Port's 18-year old financial system and COBOL-based billing system. Mr. Oliver announced that financial results for the month of November were very positive overall and he reported that operating revenues were \$1.7 million (-3.5%) below budget and \$2.7 million above the same time last year (+6%). He explained that volume and storage charges were the drivers for revenue. Operating expenses were \$2.3 million (-4.6%) below budget and \$2.4 million (+5.3%) above prior year. Mr. Oliver reported that all major categories of expenses were below budget for the month. He announced that the Port had a \$387,000 operating loss for the month of November, which was anticipated to be higher. Mr. Oliver reported that the change in net position (net income) was \$13.5 million net income for the month.

Mr. Oliver then reviewed financial results for the five months that ended November 30, 2018, and reported that operating revenue was \$3.9 million (-1.6%) below budget; \$16 million above last year (+7.3%). He reported that operating expenses were \$8.1 million below budget expectations and that all major categories are ahead of or in line with budget expectations.

Mr. Oliver said the end result for the first five months of the fiscal year was an operating loss of \$653,000, but that the Port is \$4.1 million ahead of what was budgeted for this time.

It was noted by Mr. Oliver that he received notification from the Taxation Department and Virginia Department of Transportation (VDOT) to expect a shortage in the Commonwealth Port Fund this year.

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

Mr. Reinhart referred to the photo on the screen and he pointed out the four ship-to-shore cranes that arrived at Virginia International Gateway (VIG) on January 7th, the CMA CGM ultra large container vessel (ULCV) using the new berth, and a Maersk vessel in port. Mr. Reinhart announced that the expansion of VIG II will be completed in five months going from "rendering to reality".

3. Supply Management and Compliance Report – Matthew Barnes-Smith,
Senior Vice President, Administration Services and Compliance

Mr. Barnes-Smith reported progress to-date on the Compliance and Ethics Program which is six months into a two-year project that, he announced, "will set a culture of compliance and ethics throughout the organization". He reported that his division started with education, research and identification of key risks, and is currently working on development of an internal Code of Conduct and third-party Code of Conduct that will be attached to all contracts with customers and vendors. Mr. Barnes-Smith explained next steps would be to review and update existing policies and procedures; create notification options for reporting violations (either an online forum or a hotline for anonymous reporting); colleague training and education; and auditing and monitoring.

Mr. Barnes-Smith announced that Ms. Colleen Mollison, Sr. Manager, Compliance and Contracts, completed training with the Society of Corporate Compliance and Ethics, and conducted outreach with various organizations who are leaders in corporate compliance and ethics (Norfolk Southern (NS), Old Dominion University (ODU), Childrens' Hospital of The King's Daughters (CHKD) and CMA CGM).

Mr. Barnes-Smith described the warehouse initiative project that involves centralization of inventory - parts and equipment for the maintenance team - and he reported that an inventory module will be included in the Port's new financial system. He explained that this project is a combined effort between his division and Process Excellence and that a Material Requirements Planning Department was created within Supply Management to assist with location analysis and

forecasting for purchasing parts. Mr. Barnes-Smith added that Strategic Planning & Analytics is also involved in this project.

Mr. Barnes-Smith announced that VPA has contracted with KPMG who has partnered with DLS Engineering to conduct an asset management assessment that will be completed in three months. He reported that workshops will be held throughout the organization and outlined objectives for the project as follows:

- Complete an accurate database of all organizational assets
- Collaborate with vendor on accurate assessment enterprise
- Identify process gaps in reporting
- Collaborate with vendor to enhance structure of team and communication
- Update each asset in database with proper replacement and insurance costs

Mr. Barnes-Smith then reviewed FY2019 year-to-date expenditures that resulted in significant growth in VPA's Small, Women-owned, and Minority (SWaM) program. He also reviewed FY16-FY19 SWaM results (as indicated in the attached).

Mr. Barnes-Smith announced that the first annual SWaM and DBE (Disadvantaged Business Enterprise) information and networking event was held on January 11th. He noted that Commissioner Strayhorn opened the event and introduced the keynote speaker, Ms. Suzy Kelly, CEO of Jo-Kell, Inc.

Ms. Strayhorn thanked Mr. Barnes-Smith and his division for their efforts that lead to increases in SWaM business at the Port and she encouraged continued focus in this area.

C. Growth and Operations Committee – Val S. McWhorter, Committee Vice Chair (reported for Alan A. Diamonstein, Committee Chair)

I. Report of Growth and Operations Committee

Mr. McWhorter reported the Growth and Operations Committee heard a presentation on Monday by Ron Babski, VIT's Vice President, Health and Safety, who provided his annual review of the Port's safety program. Mr. Babski described identification of hazards, development of solutions, and ways in which the safety team motivates participation. Mr. McWhorter reported that Mr. Jason Barlow, VPA's Vice President, Contracts and Risk Management, briefly reviewed data on the number of workers' compensation claims, annually. Also, Rich Ceci, VIT's Vice President, Technology and Project Management, presented an update on the major construction expansions at South NIT and VIG, timelines, and equipment arrivals along with other projects such as the truck reservation system, business continuity, finance system, and cyber security initiatives.

Mr. McWhorter reported that the Committee also heard from Mr. Tom Capozzi, VIT's Chief Sales Officer, who reviewed the Strategic Growth Plan's overall volume performance, rail performance, an update on ship line service movements and new service incentives. He explained that, due to time constraints, Mr. Shawn Tibbetts, VIT's President and Chief Operating Officer, did not report operational metrics in committee. Mr. McWhorter asked Mr. Tibbetts to present at this time.

2. Report on Safety/Operations – Shawn Tibbetts, President and Chief Operations Officer of VIT

Mr. Tibbetts reported that the topic of safety was covered extensively by Mr. Babski in the Growth and Operations Committee yesterday. He reviewed Lost Work Days (LWD) per 200,000 worker hours which are currently at 2.32 LWDs as of December 31 (FY19), compared to the industry average of 3.3 (2016). Mr. Tibbetts emphasized that 2.32 LWDs is not good enough to reach the goal of 2.00 LWDs, or less. He emphasized that the team is focused and aggressively working to drive down the rate of injuries and incidents at the terminals and he thanked Port partners for helping to drive down those numbers.

Mr. Tibbetts reviewed rail versus gate/barge volumes and announced that the Port is averaging 34 percent rail volumes port-wide. He emphasized that POV is focused on driving rail growth consistent with the Strategic Growth Plan (SGP). Mr. Tibbetts continued with a review of rail traffic at NIT, VIG, and PMT. He reported that four rubber-tired gantry cranes (RTGs) were moved from VIG to NIT a few weeks ago to assist with rail movements. He advised that the Port also invested in a new rail facility at VIG which is scheduled for completion by June of this year.

Mr. Tibbetts reviewed rail ready dwell times at each of the three terminals compared to the industry standard. For clarification, he explained that dwell time is the amount of time it takes for a rail container to leave the ship and leave the terminal by rail. A discussion then ensued about rail congestion and competition.

In reply to Chairman Milliken's inquiry, Mr. Tibbetts confirmed that South NIT and VIG II, after construction, will have capacity to handle 1.2 million TEUs at each terminal with another 100,000 TEU-capacity at PMT. He affirmed that POV will have more opportunities to move rail freight efficiently for our customers.

Mr. Tibbetts then reviewed gate volumes and turn-times at NIT, VIG, and PMT, and talked about the success of the reservation system which, he reported, resulted in a 25 percent improvement in turn-times. He thanked Mr. Frank Borum, who was in attendance, the motor carrier community, and International Longshoremen's Association (ILA) for their support.

Mr. Tibbetts reported that due to the added capacity, VIG will be closer to the 30 minute range for turn-times and that he would provide further information at the March board meeting. He then presented crane moves per hour and reviewed progress through December.

Mr. Reinhart commended the operations team and he remarked that all of the results being reported have been accomplished while the Port is under major construction at two of its largest terminals. He called it a “herculean” effort by the team and expressed his appreciation.

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

Mr. Capozzi reported CY2018 volume statistics (attached) that reflected low to moderate growth which he said, was expected due to construction, with the exception of Richmond Marine Terminal (RMT) (31.5% increase). He emphasized that, with the completion of VIG II this summer and next year’s scheduled completion of the South NIT expansion, the Port is “aggressively” pursuing cargo from ports that are experiencing major congestion problems. Mr. Capozzi reported that import loaded and export empty TEUs (twenty equivalent units) were the drivers for growth.

Mr. Wimbush asked about the decline in vehicle units and Mr. Capozzi explained the decision by K-Line on the General Motors (GM) business and that the Nissan vehicle business had decreased. A conversation ensued at this time. Mr. Capozzi advised that the Port is actively pursuing other car carriers for business at NNMT.

Mr. Capozzi talked about the success of the barge business at RMT and mentioned that a second barge would be added to the service in April/May timeframe. He advised that the success of economic development business in the Richmond area is providing opportunities for a transload operation at RMT.

Mr. Capozzi then reviewed FY2019 volumes (attached) showing total TEU growth up almost two percent, export empty TEUs up 11.2 percent, and import loaded TEUs up 3.5 percent. He also highlighted increases in Virginia Inland Port (VIP) containers, Richmond Marine Terminal (RMT) barge containers, and truck containers. Mr. Capozzi explained that there were 15,000 additional truck loads for FY19. He noted that forest products decreased due to tariffs from China and he described the recent Agricultural Transportation Conference (AgTC) Workshop that was held in Minneapolis and attended by Jeanne Heilman, the Port’s Midwest Area Manager.

Mr. Capozzi announced that the domestic sales team was in Norfolk for a “mini-sales retreat” in January to discuss strategies to aggressively market The Port of Virginia. He described the Produce Marketing Association Fresh Summit and POV’s plans to capture the refrigerated

("reefer") cargo, and fresh market, now that the port has expanded its reefer racks at the terminals.

Mr. Capozzi then reviewed The Alliance 2019 announcement of their trans-Atlantic services calling POV (attached) and he announced that, subsequent to this, the other two alliances have announced their service calls. Mr. Reinhart told the Board that he would email that information to them after today's meeting.

Mr. Capozzi explained how POV is pursuing opportunities for off-terminal transload operations and he mentioned Scoulor's grain business at RMT, a prospective grain transload operation north of NIT, and opportunities for synthetic plastic pellets.

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

Mr. Ruddy announced that POV's added capacity coming online was the focus for worldwide messaging by the Marketing and Communications (MARCOMM) team that surpassed "congestion" messaging in 2018. Messaging produced over \$7.6 million in ad equivalency, 95 percent of mentions were "good" or "neutral" in sentiment, and 10 countries ran stories that mentioned The Port of Virginia in 2018.

Mr. Ruddy presented a graph outlining the Strategic Planning & Analytics team data-driven decision-making projects (829) that were completed in 2018, which was a 17.4 percent increase over 2017, with the bulk of analytics projects in the operations, commercial working group, finance, and sales divisions.

Mr. Ruddy announced that VIT's Commercial Pricing Website was launched in January 2019 which is a new tool to provide more timely and accurate information in developing quotes for customers, resulting in a 30 percent reduction in quote emails for the month.

Mr. Ruddy described the work by the Process Excellence team and he announced the formation of the Catalyst Academy that includes a combination of instructor-lead and online training that allows colleagues to learn more about process improvement, waste elimination, and leadership. He explained that the second part of the training is on Lean Awareness and reported that over 60 colleagues were recently trained at Old Dominion University (ODU). He added that the senior leadership team will go through the same training in April.

Projects

Mr. Ruddy presented the following major port projects and announced that all projects are on budget and on schedule with the exception of NIT vessel auto stow and the RMG refurbishment schedules:

- VIG Phase II
- NIT Vessel Auto Stow
- NIT Optimization
- Finance Projects – Billing
- Finance Projects – PeopleSoft
- Business Intelligence
- Information Technology (IT) Business Continuity
- Rail-Mounted Gantry (RMG) Refurbishment

Mr. Ruddy announced that Phase I of the South NIT optimization project is substantially complete and that stacks #16, #17, and #18 will be delivered to operations by mid-February. He explained that Phase 2 stacks (which are parallel to the wharf) will be turned over to operations in July 2019, and Phase 3 will be completed by May 2020. Mr. Ruddy provided updated photos of SNIT.

Mr. Ruddy presented photos of before and after the VIG II expansion, which will be completed in late May 2019. He reviewed progress at the VIG stack yard and reported that Stack 1 is under construction and should be in service by February 1; Stack 2 is being refurbished, and Stack 3 is in service. Mr. Ruddy explained that the stacks are being refurbished to bring them to their original operating specifications and includes the addition of reefer units. Mr. Reinhart thanked the Board for approving the funds for the refurbishment.

Mr. Ruddy presented a photo of the completed wharf at VIG II which was completed and turned over to operations on November 17, 2018. He added that the rail yard is scheduled for completion by April-May 2019, and he mentioned the efficiencies that are being realized as reported by Mr. Tibbetts earlier.

Mr. Ruddy concluded with a photo of the VIG rendering (drawing) compared to the VIG reality photo taken in early January. (Photos of SNIT and VIG II progress are attached.)

At this time, Mr. Ruddy presented a short video featuring the four ship-to-shore cranes arriving at VIG on January 7.

<https://youtu.be/xGc9Om2qxfE>

IV. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick announced that the 116th Congress convened on January 3, and there are five new members elected to the Virginia Delegation, three of whom recently toured port facilities – Congresswoman Abigail Spanberger visited RMT, Congresswoman Jennifer Wexton visited VIP, and Congresswoman Elaine Luria visited NIT. Ms. Vick reported that they also visited customers to learn about the supply chain and connectivity to economic development and what the Port brings to the Commonwealth. She noted that Congressman Ben Cline toured VIP yesterday and Congressman Dennis Rigglesman's office also received a briefing on the port.

Ms. Vick reported that the legislators are all very supportive of the Norfolk Harbor Channel deepening and widening project and the need for more Customs and Border Patrol (CBP) personnel and Agriculture inspectors at our port.

Ms. Vick explained how several members of the Virginia Congressional Delegation are re-engaging with the Office of Management and Budget (OMB), now that the federal shutdown has ended, to assist with the new start designation on the harbor deepening and with some construction funds. Ms. Vick reported that the VPA received funding in the Work Plan for engineering and design and made good progress with the Army Corps of Engineers on the widening and deepening project. At this time, Ms. Vick presented a project update on the widening and deepening and explained that all of the modeling samples have been completed (geophysical modeling of placed material and simulated ship track) and all samples have been collected and will be analyzed for submission to the EPA in May for concurrence. The ship modeling and simulation final submission have been completed and results submitted to the Army Corps.

Ms. Vick announced that the Army Corps is scheduled to begin the first phase of Thimble Shoals West dredging in January 2019.

Mr. Reinhart commended Ms. Vick and her team for having done an exceptional job coordinating this project with the Army Corps.

Ms. Vick reported that POV has two legislative bills that are advancing in the General Assembly which are the extension of POV's economic development grant through 2025 and legislation to authorize the use of federal Rail Enhancement Fund (REF) monies to match state funds for rail safety and additional rail capacity at the Port. Ms. Vick also mentioned that POV is supporting VEDP's legislation for marketing funds for site analysis and economic development.

Ms. Vick announced that POV is partnering with the Virginia Maritime Association on events at the General Assembly on February 5 (legislative reception) and February 6 (Port Day at the General Assembly).

Ms. Vick announced that the Port was the recipient of a \$15.5 million BUILD grant (Better Utilizing Investments to Leverage Development) and a REF grant of \$11 million, which requires a \$3 million match by POV, for projects at the Virginia Inland Port (VIP). She described the VIP optimization and grade separation projects totaling \$26.5 million.

It was reminded by Ms. Vick that the Waterway Maintenance Fund was created in the last General Assembly session and is administered by the Virginia Port Authority, similar to the Aid to Local Ports Grant Fund program, whereby the normal cycle for funding allocations is in May. Ms. Vick explained that Prince William County requested up to \$250,000 of emergency funding outside of the normal funding cycle to dredge the Neabsco Creek. She advised that the County had not received federal funding to dredge the creek since the late 1980s which has resulted in considerable shoaling causing the Coast Guard to close the channel and remove the navigational markers. She explained that the creek would be dredged to six feet, as required by the Coast Guard, to open the channel for private businesses and family marinas that would benefit from the project.

Ms. Vick reported that Prince William County will provide the required three-to-one match in the amount of \$750,000. She referred to Resolution 19-1 and Chairman Milliken asked for a motion to approve at this time.

Action: Upon motion by Mr. McWhorter, seconded by Mr. Scheeler, the Board unanimously (10-0) approved the adoption of Resolution 19-1, authorizing the Waterway Maintenance Grant funding request of Prince William County, in the amount of \$250,000, for the Neabsco Creek dredging project.

Ms. Vick acknowledged the guests from Prince William County who were in attendance.

Ms. Vick reported CY2018 Economic Development totals as follows:

- 48 announcements (9-new businesses/39-expansions/40 of 48-manufacturing)
- More than 1,890,000 square feet of space
- 3,117 jobs
- Investment more than \$984 million

Since last Board meeting:

- 12 announcements
- 776,700 square footage
- 683 jobs
- Invested over \$164 million

Ms. Vick mentioned new business/expansions in the Commonwealth - Brother International, Carry On Trailer, Classic Granite, Mercury Paper, Target, Cooke Seafood, and Cloverleaf Cold Storage.

She also thanked Commissioner Scheeler for inviting her and Commissioner Moret to a Richmond Chamber (Chamber RVA) meeting to talk about economic development efforts to attract new business to the Commonwealth. Mr. Reinhart referred to the photo and talked about the site that is being developed by Panattoni across from RMT.

Ms. Vick provided an update on projects at RMT. She announced that the first phase of the pavement resurfacing and fender repairs were completed on time and under budget. Ms. Vick reported that water line leak repairs and bulkhead stabilization projects have begun. She mentioned that additional Road Surface Transportation grant funds, up to \$1 million, will cover the full cost of bulkhead repair and replacement. Ms. Vick explained that the second grant application for the drop-lot is scheduled to start this time next year and because of the acceleration of projects at RMT, VPA will request acceleration of grant funds.

Ms. Vick announced that the Surface Deployment and Distribution Command (SDDC) completed a successful live load-out (military cargo) at Newport News Marine Terminal (NNMT), after the table-top exercise. She reported that VIT operations and MIRT (Maritime Incident Response Team) visited Charleston, SC, to train on some of the equipment and observe a larger load-out. The next load-out is scheduled for PMT in June or July. For the Board's awareness, Ms. Vick described the Port's involvement with the National Defense Transportation Association. They will be at Christopher Newport College in May.

(Ms. Vick left the meeting at this time for a business meeting.)

V. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs commended Mr. Tibbetts and the operations team for driving down the turn-times at the terminals.

Mr. Bibbs reviewed recruitment metrics reflecting 31 percent new hires and 69 percent backfill positions and he explained that the majority of hiring is in the operations and maintenance division. He presented new hire demographics and demographics for VPA, VIT and HRCPII, as reflected in the attached slides.

Mr. Bibbs reviewed training metrics and reported that the main focus of training is in the areas of professional development and compliance.

Mr. Bibbs announced that health benefit costs have not increased from last year and have remained flat due to the success of the wellness programs that encourage good health practices. He reported on the addition of new benefit offerings to colleagues that includes eight weeks of parental leave upon the birth or adoption of a child.

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

In conclusion, Mr. Reinhart made the following remarks:

Mr. Chairman, Commissioners, Colleagues and Guests,

- Calendar Year 2018 was a very successful and challenging year. Our colleagues worked very hard to deliver good results, build our infrastructure, maintain safety and fiscal stability. I want to thank our team for living our values and being good stewards. The team maintained focus on what was important and delivered.
- We encountered headwinds with tariff and trade uncertainty which we managed through. We continue to be impacted by government shut down and tariffs. We have temporary relief on the shutdown until February 15....temporary relief on trade war and tariffs to March 1st....the uncertainty injects risk across the globe and here at POV.
- Federal Partners suffered from the shutdown but they continued to work and keep commerce flowing. We want to recognize and thank them for their dedication to serve. The men and women of the USCG and CBP kept the cargo flowing. We helped where we could and will monitor to see where else we may be able to assist.
- We continue to build economic development and opportunity across the Commonwealth and will continue our efforts to accelerate economic development.
- The viability of our Inland Ports continues to grow with our efforts and investments in Richmond and Front Royal.
- Across the Commonwealth and our industry our brand and value continue to build positive awareness.
- We enter 2019 with a strong foundation and today we are building sustainability, resiliency and capacity. Our hard work is delivering results and, despite headwinds and challenges, we are moving the POV to compete and win. We are aggressively pursuing business to grow the POV and utilize our new capacity and service improvements.

Mr. Reinhart thanked commissioners, colleagues, partners and customers for their trust and

support and concluded his comments with a brief video - "Long-term Capacity Investments at The Port of Virginia". (<https://vimeo.com/313193538>)

Mr. Reinhart commended Ms. Carla Welsh, Mr. Jay Stecher, and the MARCOMM team on the production of the video.

Chairman Milliken remarked how the Coast Guard, Customs and Border Patrol and other federal agencies were having a tough time during the government shutdown and that it was tough on families. The Chairman applauded the Port for stepping up and being helpful to our federal partners and he asked that the team keep the Board apprised.

Mr. Moret congratulated Mr. Reinhart and the team on another great year operationally especially during construction projects and he thanked the Board for understanding his absence at several meetings due to the Amazon project. Mr. Moret also expressed appreciation for VEDP's partnership with the Port on the manufacturing/distribution projects that are ongoing and for the \$20 million request that is currently being considered by the General Assembly for site development.

Mr. Moret emphasized that the growth in new capacity at the Port makes it even more critical to develop distribution centers and manufacturing sites to accommodate that growth in order to make Virginia more competitive.

Chairman Milliken congratulated Mr. Moret and VEDP on the selection of Virginia by Amazon and he agreed that new business that comes to the Port is also business for the localities where those companies locate.

VII. Unfinished Business

There was no unfinished business to report.

VIII. New Business

There was no new business to report at this time.

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

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Debra J. McNulty", with a long, sweeping horizontal line extending to the right.

Debra J. McNulty
Secretary to the Board

The next Public Session of the VPA Board is scheduled for Tuesday, March 25, 2019, at 9:00 a.m. Committee meetings are scheduled the day before on Monday afternoon, March 26.

November 2018 Financial Report

Rodney W. Oliver
Chief Financial Officer



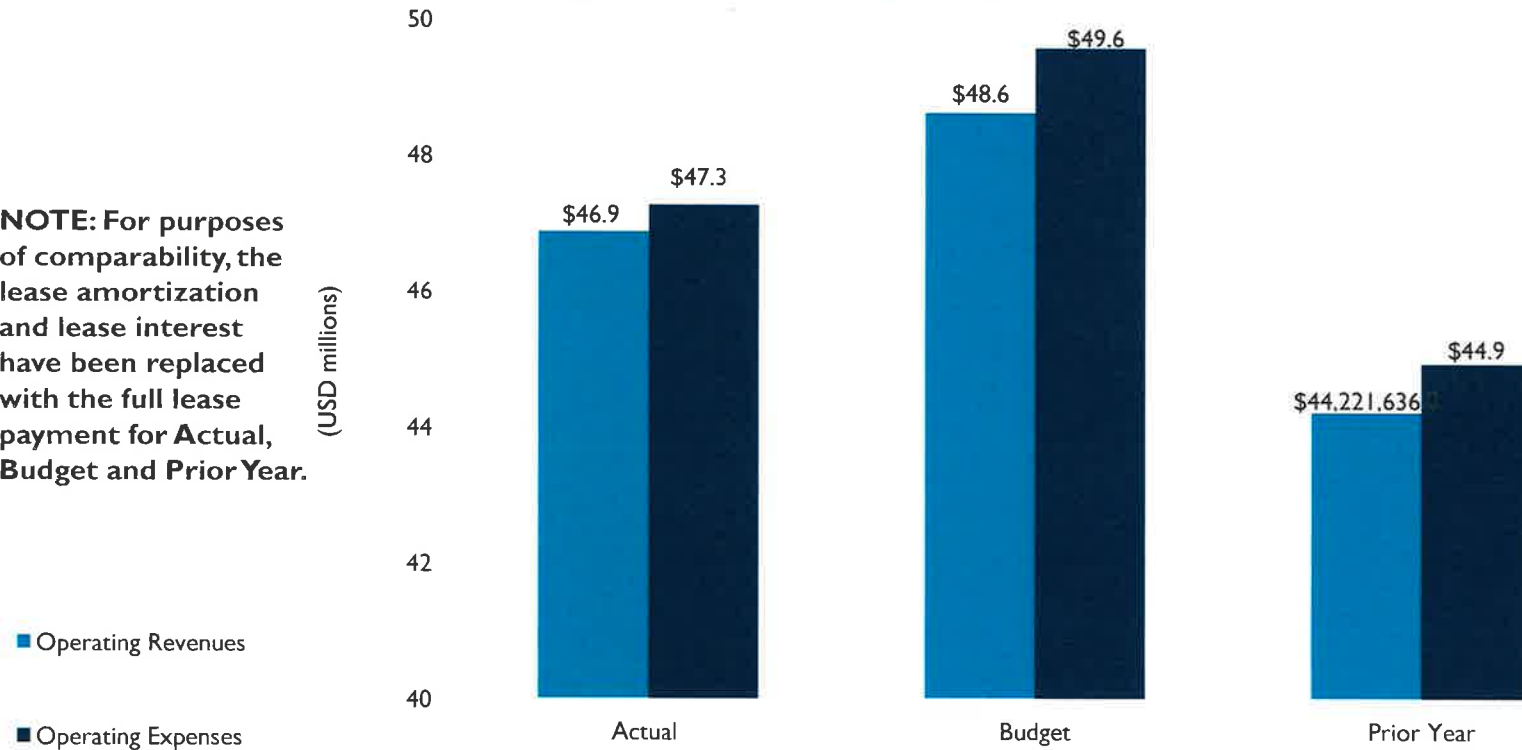
AGENDA

- November Financial Results
- Administration Services and Compliance Report

OPERATING REVENUES AND EXPENSES:

For the Month Ended November 30, 2018

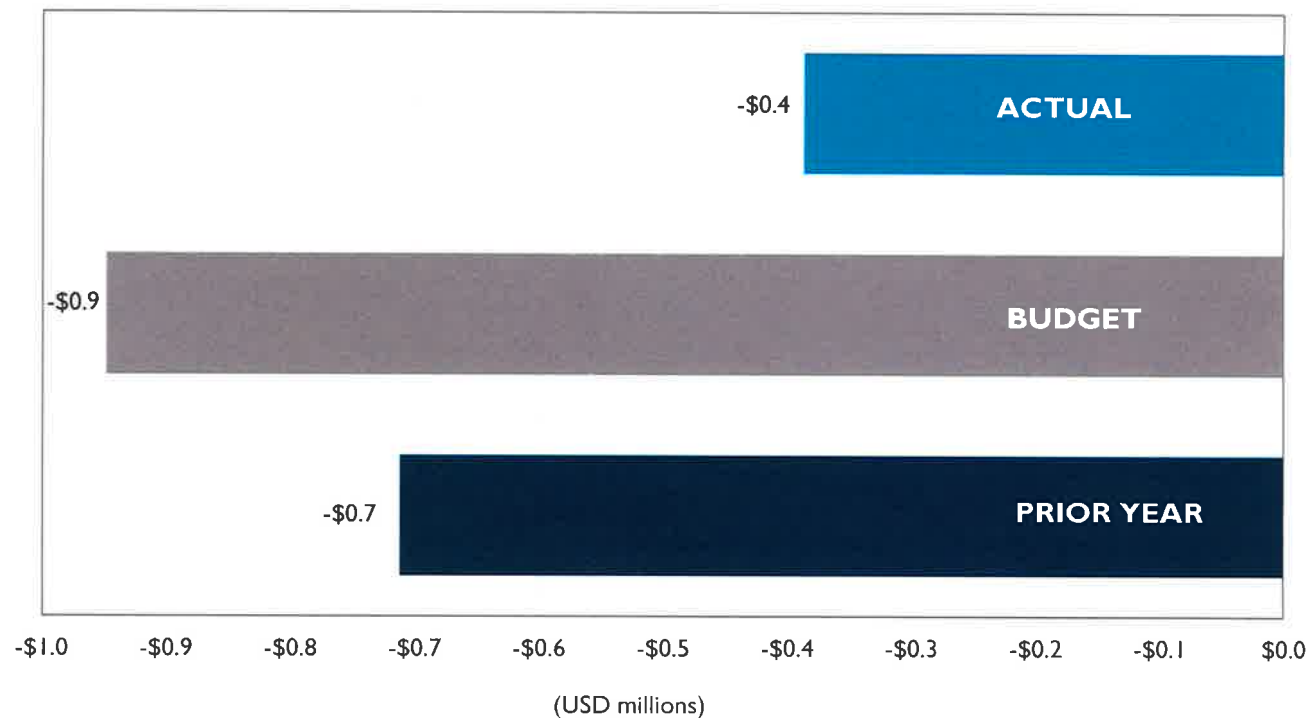
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for **Actual**, **Budget** and **Prior Year**.



OPERATING INCOME (LOSS):

For the Month Ended November 30, 2018

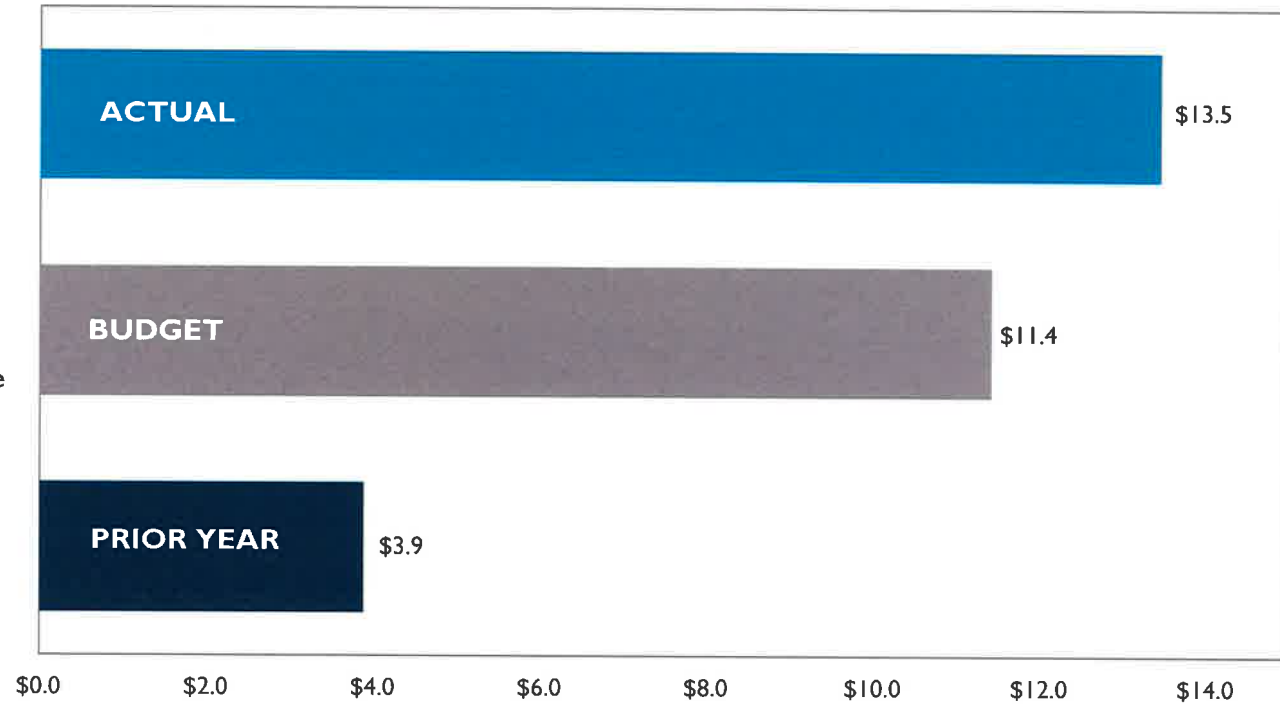
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended November 30, 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.



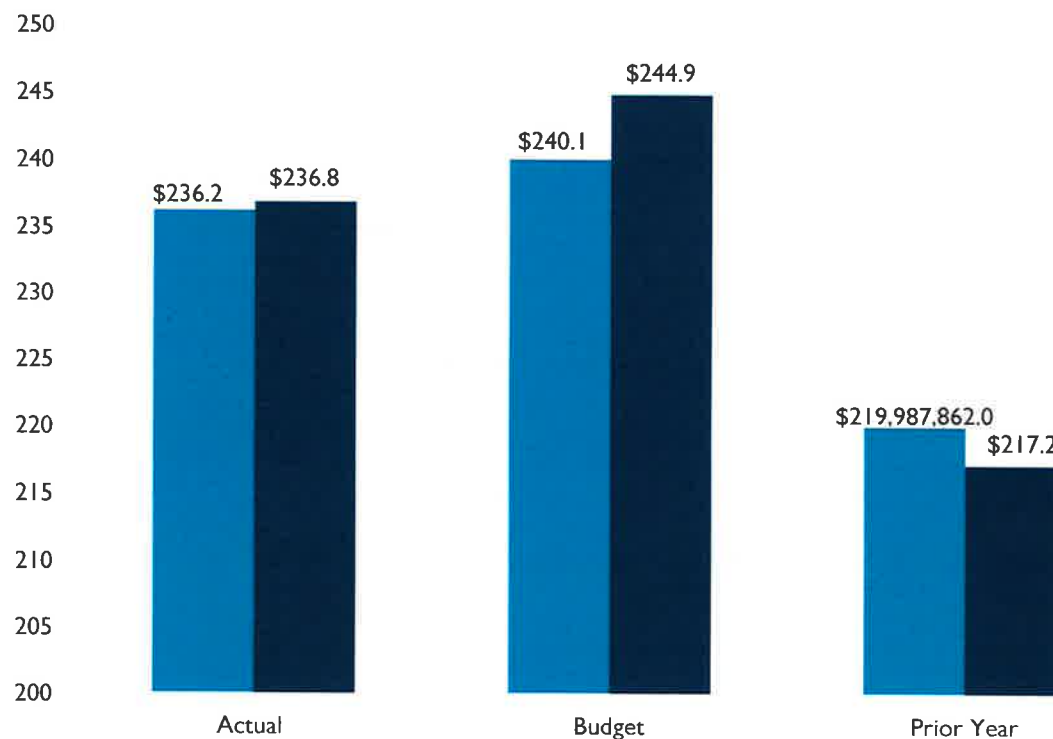
OPERATING REVENUES AND EXPENSES:

For the Five Months Ended November 30, 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
■ Operating Expenses

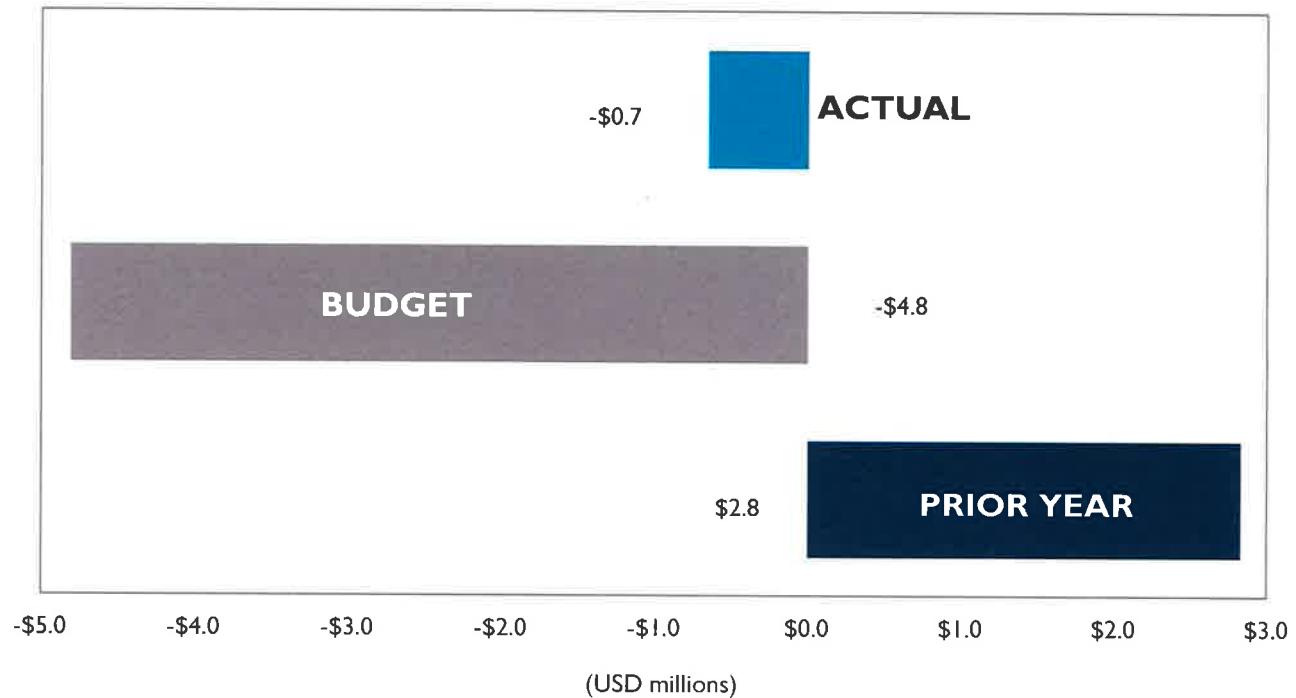
(USD millions)



OPERATING INCOME (LOSS):

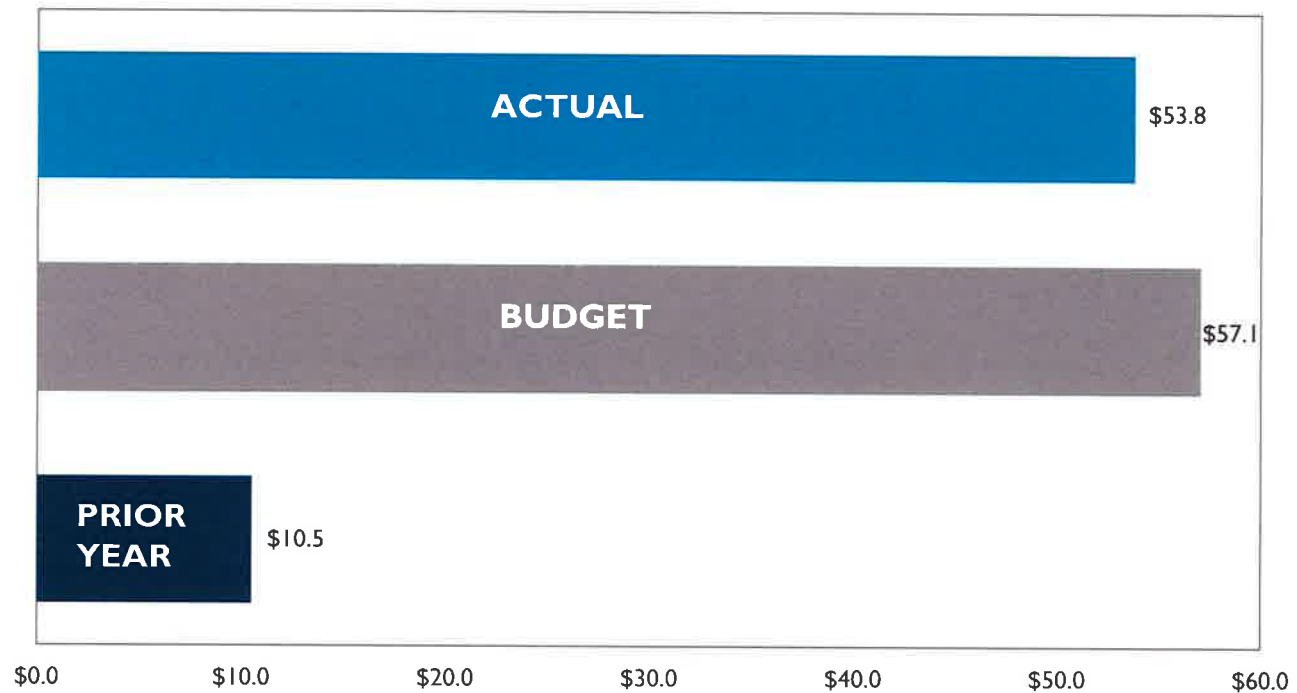
For the Five Months Ended November 30, 2018

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 Five Months Ended November 30, 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.



FY 2019 YTD

FY 2019	VPA Discretionary Expenditures	Total SWaM Dollars	% SWaM Dollar Growth
FY19 Q1	\$ 42,619,236	\$ 22,343,135	52.43%
FY19 Q2	\$ 53,245,942	\$ 21,008,403	39.46%
FY19 YTD	\$ 95,865,179	\$ 43,351,538	45.22%

FY 16 – FY 19 SWaM RESULTS

FY	VPA Discretionary Expenditures	Total SWaM Dollars	% SWaM Dollar Growth	Goal Set	Goal Actual
FY16	\$50,315,411	\$9,559,928	-21%	42%	19%
FY17	\$68,710,428	\$8,389,543	-12%	20%	12.21%
FY18	\$189,518,850	\$61,330,069	587%	22.5%	32.36%
FY19	\$ 95,865,179*	\$ 43,351,538*	101.33%**	27.5%	45.22%

*Q1-Q2 FY19

** Compared to FY18 Q1-Q2



Stewards of Tomorrow

POV VOLUMES – CY2018

	CY 2017	CY 2018	Change	% Change
Total TEUs	2,841,016	2,855,904	14,888	0.5%
Export Loaded TEUs	1,014,570	977,786	(36,784)	-3.6%
Export Empty TEUs	506,737	528,049	21,313	4.2%
Import Loaded TEUs	1,276,335	1,327,409	51,074	4.0%
Import Empty TEUs	43,375	22,660	(20,715)	-47.8%
Total Containers	1,612,760	1,612,886	126	0.01%
General Cargo Tonnage	21,971,718	21,974,863	3,145	0.01%
Container Tonnage	21,784,594	21,785,434	840	0.004%
Breakbulk Tonnage	187,124	189,429	2,305	1.2%
Total Rail Containers	570,001	552,318	(17,683)	-3.1%
VIP Containers	35,738	38,540	2,802	7.8%
Total Barge Containers	49,074	50,332	1,258	2.6%
RMT Containers	23,994	31,544	7,550	31.5%
Total Truck Containers	993,685	1,010,236	16,551	1.7%
Ship Calls	1,746	1,655	(91)	-5.2%
Vehicle Units	37,006	24,448	(12,558)	-33.9%

POV VOLUMES – FYTD2019

	FY 2018	FY 2019	Change	% Change
Total TEUs	1,456,234	1,484,403	28,169	1.9%
Export Loaded TEUs	493,613	468,737	(24,876)	-5.0%
Export Empty TEUs	277,367	308,381	31,015	11.2%
Import Loaded TEUs	673,734	697,615	23,881	3.5%
Import Empty TEUs	11,522	9,670	(1,851)	-16.1%
Total Containers	825,630	834,726	9,096	1.1%
General Cargo Tonnage	11,039,730	10,907,103	(132,627)	-1.2%
Container Tonnage	10,942,162	10,816,592	(125,570)	-1.1%
Breakbulk Tonnage	97,568	90,511	(7,057)	-7.2%
Total Rail Containers	286,504	279,515	(6,989)	-2.4%
VIP Containers	18,270	20,100	1,830	10.0%
Total Barge Containers	25,077	25,927	850	3.4%
RMT Containers	12,719	16,637	3,918	30.8%
Total Truck Containers	514,049	529,284	15,235	3.0%
Ship Calls	873	824	(49)	-5.6%
Vehicle Units	20,403	11,801	(8,602)	-42.2%

THE ALLIANCE 2019 ANNOUNCEMENT

TransAtlantic Services calling Port of Virginia (4 of 7 Services)

Service	Port Rotation	Notes
AL1 (First-in)	Rotterdam-Hamburg-Antwerp-London Gateway-Norfolk-Philadelphia-New York-Halifax-Rotterdam	Norfolk remains first-in; dropped Bremerhaven; added Hamburg
AL3 (Last out)	Antwerp-Hamburg-London Gateway-Charleston-Port Everglades-Houston-Savannah-Norfolk-Antwerp	Norfolk remains last out; dropped Bremerhaven; added Hamburg
AL6	La Spezia-Genoa-Fos-Barcelona-Valencia-New York-Norfolk-Savannah-Miami-Algeciras-La Spezia	New JV with OA (CMA, COSCO, OOCL); No change to Norfolk call; dropped Salerno, Livorno, Lisbon; added Barcelona, Valencia, Miami, Algeciras
AL7 (Zim/ZCA)	Livorno-Barcelona-Halifax-New York-Norfolk-Savannah-Valencia-Tarragona	No change to Norfolk call (middle port); dropped Algeciras; added Livorno

TransPacific Services calling Port of Virginia (4 of 5 Services)

Service	Port Rotation	Notes
EC1 (Last out)	Ningbo-Shanghai-Pusan-Tokyo-[Panama Canal]-Manzanillo-Savannah-Jacksonville-Charleston-Norfolk-Manzanillo-[Panama Canal]-Balboa-Tokyo-Kobe-Ningbo	Norfolk remains last out; WC ports dropped
EC3 (Last out)	Kaohsiung-Xiamen-Hong Kong-Yantian-Shanghai-[Panama Canal]-Manzanillo-Savannah-Jacksonville-Norfolk-Manzanillo-[Panama Canal]-Balboa-Pusan-Kaohsiung	Norfolk remains last out; no change to port rotation
EC4	Kaohsiung-Hong Kong-Yantian-Cai Mep-Singapore-[Suez Canal]-New York-Norfolk-Savannah-Charleston-New York-[Suez Canal]-Singapore-Kaohsiung	No change to port rotation
EC5 (Last out USEC)	Laem Chabang-Cai Mep-Singapore-Colombo-[Suez Canal]-Halifax-New York-Savannah-Jacksonville-Norfolk-Halifax-[Suez Canal]-Jebel Ali-Singapore-Laem Chabang	Norfolk remains last out USEC - no change to port rotation



Stewards of Tomorrow



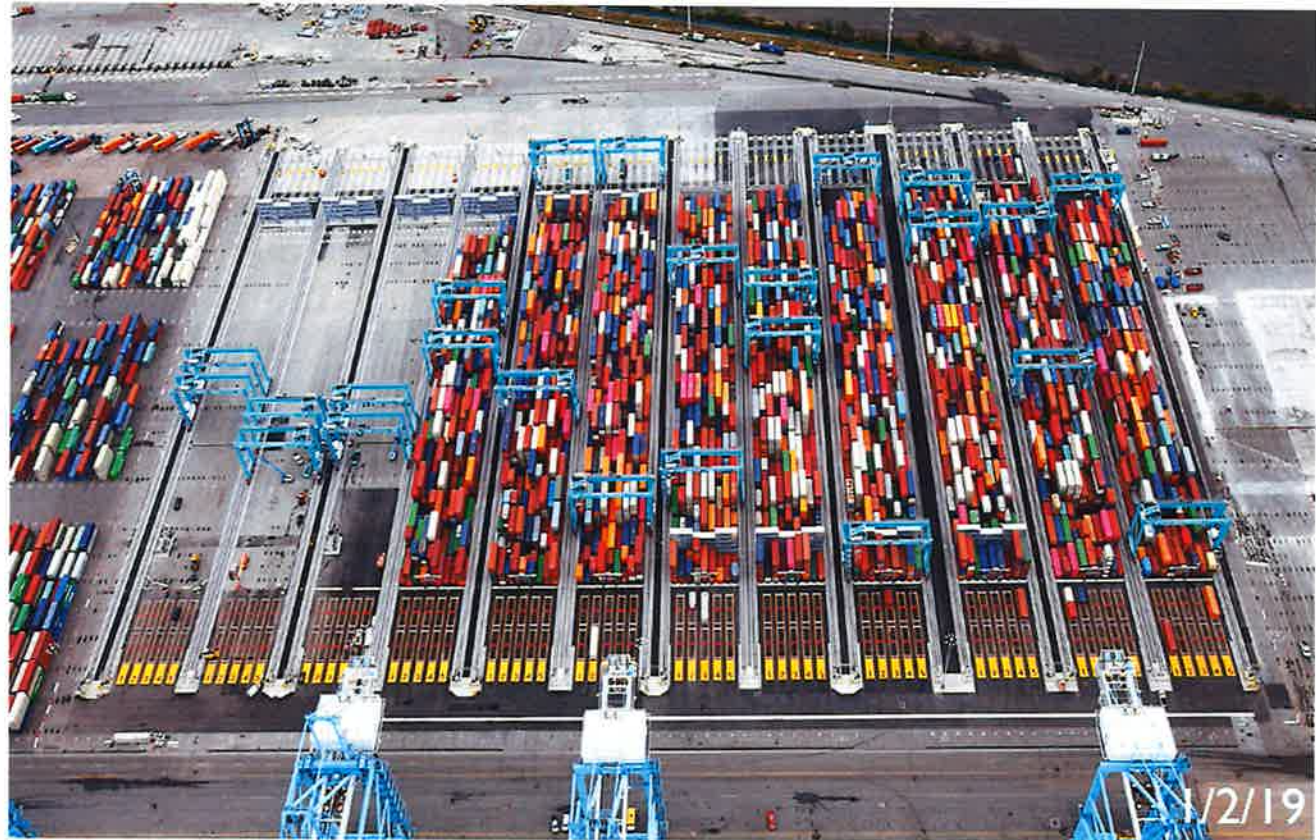
SNIT OPTIMIZATION UPDATE



1/2/19

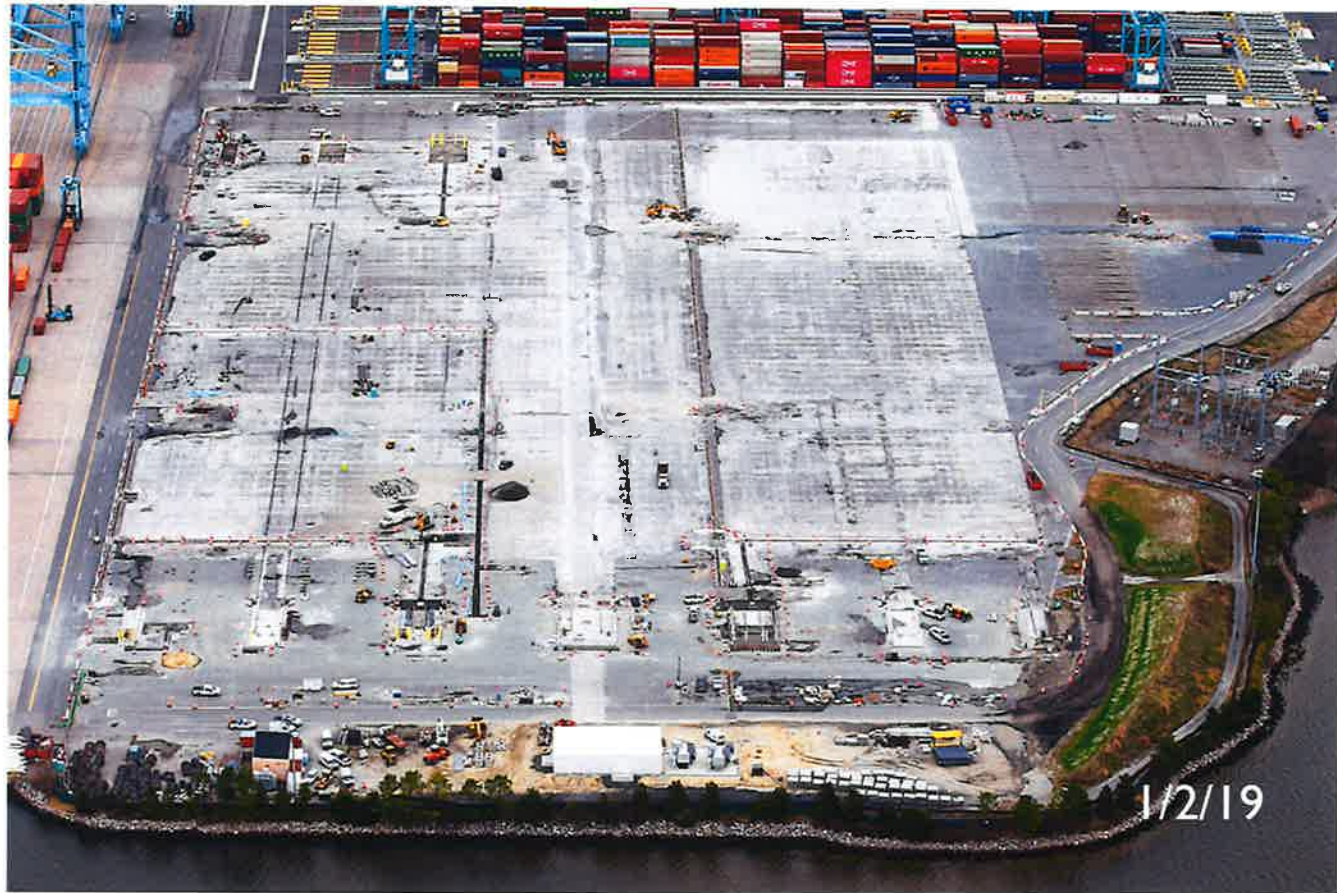
SNIT OPTIMIZATION UPDATE

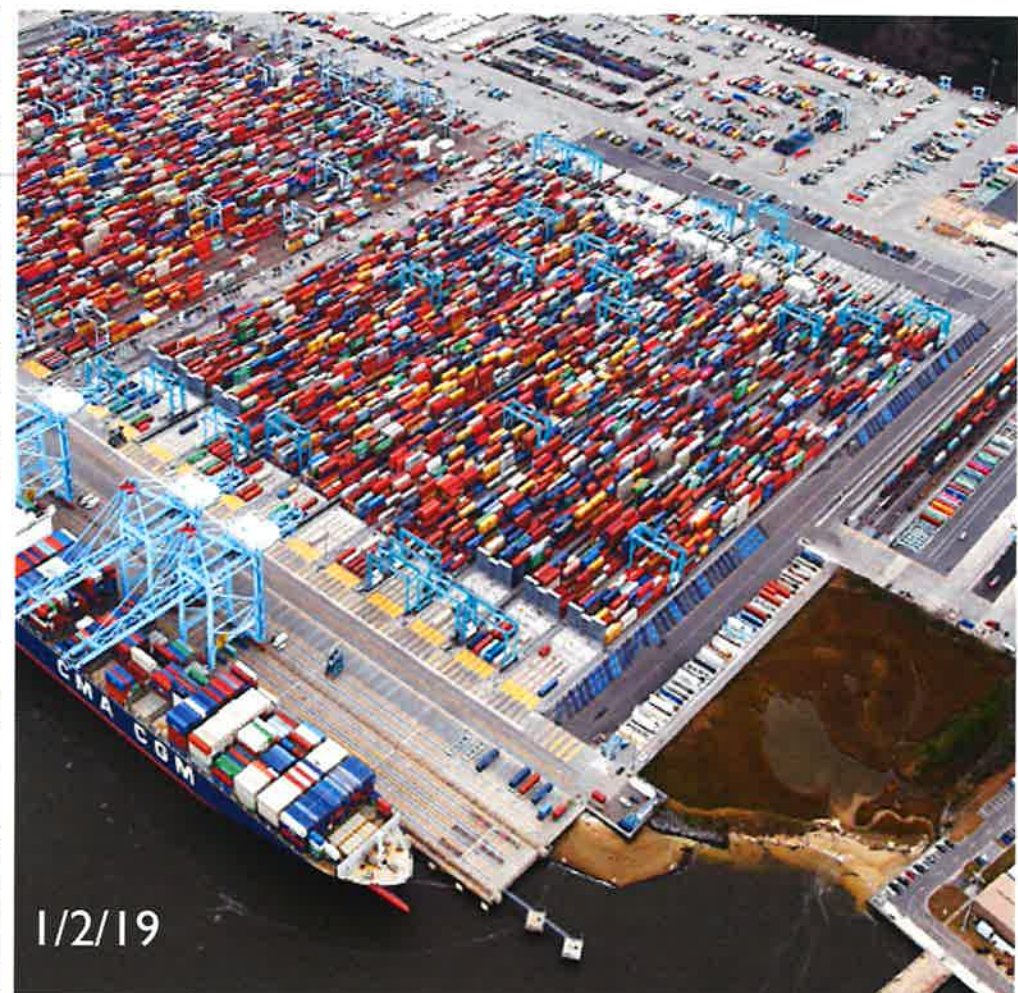
Stacks 7-15 in service



SNIT OPTIMIZATION UPDATE

Phase II construction





VIRGINIA INTERNATIONAL GATEWAY RENDERING



VIRGINIA INTERNATIONAL GATEWAY REALITY



1/2/19

RESOLUTION 19-1

AUTHORIZING APPROPRIATION OF WATERWAY MAINTENANCE GRANT FUNDING (FY19) TO PRINCE WILLIAM COUNTY

WHEREAS, in 2018, the Virginia General Assembly established the Virginia Waterway Maintenance Grant Program, to be administered by the Virginia Port Authority (the "Authority"), in order to support shallow draft dredging projects throughout the Commonwealth; and

WHEREAS, on July 24, 2018 the Board of Commissioners of the Authority adopted guidelines administering the Virginia Waterway Maintenance Grant Program (the "Policy") in accordance with Virginia Code Section 62.1-132.3:4; and

WHEREAS, in accordance with the Policy section II.A.8, Prince William County has submitted a statement declaring the need for urgent funds and why the regular schedule for review set forth in the Policy could not be met; and

WHEREAS, in accordance with the Policy section II.A.2(ii), Prince William County has submitted an application for Two Hundred and Fifty Thousand Dollars and 00/100 (\$250,000) to serve as the state portion of a federal project for which Prince William County is the nonfederal sponsor; and

WHEREAS, in accordance with the Policy section II.A.10, during the first year of the grant program, special consideration is given to applicants that match grant funding at a ratio of three-to-one, and Prince William County has submitted documentation demonstrating compliance thereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Virginia Port Authority that the requested Waterway Maintenance Grant Program funding, in the amount of Two Hundred and Fifty Thousand Dollars and 00/100 (\$250,000), shall be appropriated for the Neabsco Creek dredging project.

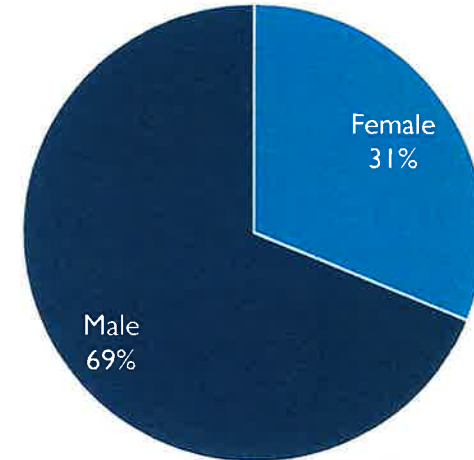
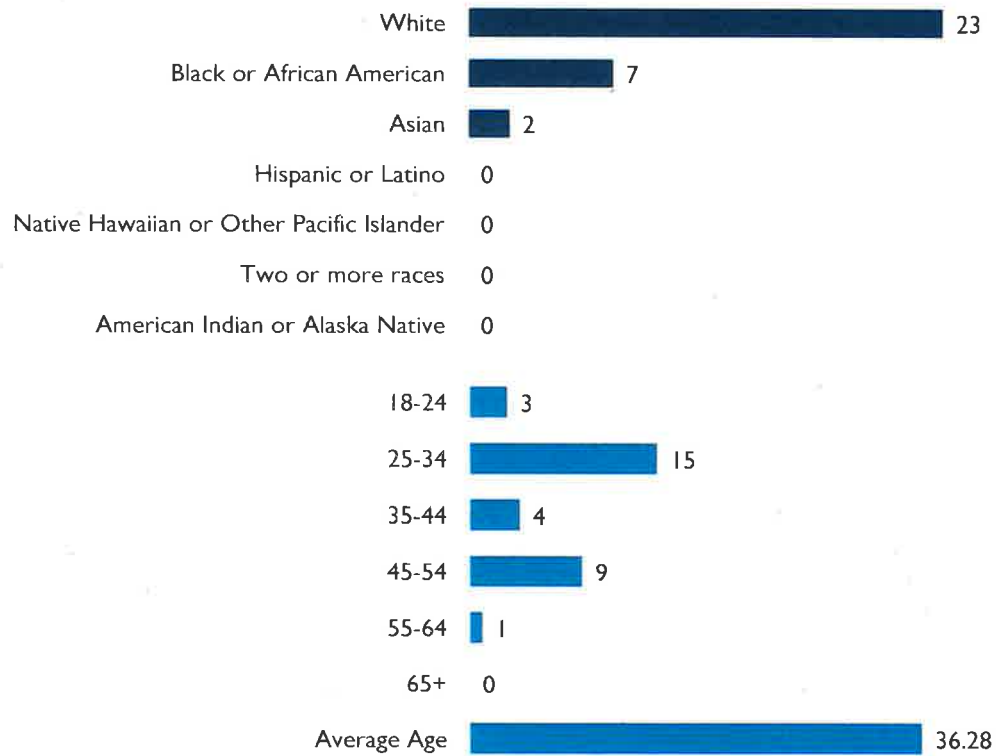
PASSED AND ADOPTED this 29th of January 2019.


John G. Milliken, Chairman

Attest:


Debra J. McNulty, Clerk

NEW HIRE DEMOGRAPHICS



POV DEMOGRAPHICS

