

MINUTES

ANNUAL MEETING - Board of Commissioners - Session 366

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
July 28, 2015

The Board of Commissioners ("Board") of the Virginia Port Authority ("VPA") held its annual meeting on July 28, 2015, in the VPA's Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:30 a.m.

The following were then in attendance:

Commissioners:

John G. Milliken, Chairman
John N. Pullen, Vice Chairman
Jennifer D. Aument
Martin J. Briley
J. William Cofer
Alan A. Diamonstein
Faith B. Power
Gary T. McCollum
Val S. McWhorter
Kim Scheeler
Deborah C. Waters
F. Blair Wimbush
Manju S. Ganeriwala, State Treasurer

VPA Staff:

John F. Reinhart, CEO/Executive Director
Rodney W. Oliver, Chief Financial Officer
Cathie France, Chief Public Affairs Officer
Joseph P. Ruddy, Chief Innovation Officer
James W. Noel, III, General Counsel
Matthew Barnes-Smith, Vice President, Financial Planning & Analytics
Jay Stecher, Vice President, Marketing and Communications
Christopher "Kit" Chope, Vice President, Sustainability and Process Excellence

VPA Staff (continued):

Andrew Sinclair, Director, Government Affairs
Bill Burket, Director, Maritime Incident Response Team (MIRT) and Emergency Operations
Carla Welsh, Director, Creative Services and Brand Management
Sarah McCoy, Manager, Local Government & Community Affairs
Elizabeth Saxby, Human Resources Manager
Bevan Calo, Manager, Digital and Traffic
Debra J. McNulty, Clerk to the Board
Jodie Asbell, Executive Assistant to CEO/Executive Director and Deputy Clerk to the Board

Virginia International Terminals, LLC (VIT) Staff:

Thomas D. Capozzi, Chief Commercial Officer
Shawn Tibbetts, Chief Operations Officer
Jim Wade, Director, Breakbulk and Ro-Ro Sales
Joe O'Brien, Director, Ocean Carrier Sales
David Harriss, Director, Breakbulk and Ro-Ro Sales
Kara Matzko, Mid-Atlantic Sales Manager (Incoming new hire)

Guests:

The Hon. Terence R. McAuliffe, Governor of Virginia
The Hon. Aubrey L. Layne, Jr., Secretary of Transportation
The Hon. Richard (Ric) Brown, Secretary of Finance
Grindley Johnson, Deputy Secretary of Transportation
Brice Fiske, Office of the Attorney General
Elizabeth M. Psimas, Vice Mayor, City of Portsmouth
JoAnne Carter, Public Financial Management (PFM)
Larry Bachtell, International Longshoremen's Association (ILA)
David White, Virginia Maritime Association (VMA)
Frank Borum, Tidewater Motor Truck Association (TMTA)
Stephen Bain, On Course Solutions, LLC
Thomas Franz, Williams Mullen
Bryant McGann, Vandeventer Black LLP
Eric Sisco, Virginia International Gateway (VIG)
Wade Powell, Dale Carnegie Training

Media

Robert McCabe, *The Virginian-Pilot*
Nora Firestone, *Inside Business* (and photographer)

Remarks by Governor Terence (Terry) R. McAuliffe

After a brief introduction by Secretary Layne, Governor McAuliffe thanked the VPA Board, Secretary Layne, Mr. Reinhart, and all Port of Virginia colleagues for the Port's financial successes.

(A copy of the Governor's press release of July 22, announcing The Port of Virginia's return to profitability, is attached for reference.)

The Governor then emphasized the importance of re-investing profits back into the Port for expansion and infrastructure projects.

Governor McAuliffe mentioned recent announcements on the Commonwealth's surplus, June financials, job creations, economic development, and growth in agricultural exports and talked about his travels abroad to promote the Port and attract manufacturing to Virginia. He announced that the Commonwealth is now number 2 on the East Coast with respect to agricultural exports. Governor McAuliffe explained the importance of having a diversified economy especially given recent federal budgetary changes.

Governor McAuliffe emphasized four agenda items for action by the Board:

- Push for funding from the Hampton Roads Transportation Accountability Commission (HRTAC)
- Open up the Port with expanded rail capacity to alleviate congestion at the marine terminals
- Finalize negotiations with the current owners of Virginia International Gateway (VIG)
- Work with the Army Corps and Washington officials to secure funding and expedite the study period for the 55-foot channel dredging

Introductions

After the Governor departed, Mr. Stecher introduced guests who were in attendance at that time. Mr. Ruddy conducted the safety briefing.

I. Election of Officers

Report of the Nominating Committee and Election of Officers for the year July 1, 2015 through June 30, 2016.

Nominating Committee

Val. S. McWhorter, Chair

Deborah C. Waters

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.

Mr. McWhorter announced that officers for the year ending June 30, 2015 were:

Chairman	- John G. Milliken
Vice Chairman	- John N. Pullen
Treasurer	- Rodney W. Oliver
Secretary/Clerk	- Debra J. McNulty
Assistant Secretary/Deputy Clerk	- Jodie L. Asbell

Action: Mr. McWhorter made a motion to nominate Mr. Milliken as Chairman, and Mr. Pullen as Vice Chairman, and further moved that Mr. Oliver, Ms. McNulty, and Ms. Asbell be reappointed to their respective positions. The motion was seconded by Mr. Diamonstein. The Board closed the floor for nominations and, by an affirmative vote (11-0), reappointed all Board officers for the fiscal year ending **June 30, 2016**.

Chairman Milliken thanked the Board for their support and stated that he looked forward to continuing to serve in the coming year.

II. Appointments to Standing Committees

Chairman Milliken explained that there are three Standing Committees of the Board – Finance and Audit; Growth and Operations; and Executive. He announced that the current membership of Standing Committees would remain the same. The Chairman encouraged Board members to contact him if they have a preference to serve on a particular committee. Chairman Milliken announced he would like to hear from board members within the next 30 days so that the clerk can send out notification of committee assignments prior to the next Board meeting schedule which is September 21-22, 2015.

It was reminded by Chairman Milliken that commissioners who are not members of a committee, including the Secretary of Transportation, are invited to attend all committee meetings.

Chairman Milliken also explained the make-up of the Investment Committee, which is described on the attached Standing Committee list. He advised that it is a fixed membership that is determined by position (in accordance with the resolution that created the committee).

III. Other Business

There was no other business to report.

IV. Adjournment

There being no further business, the annual meeting adjourned at 10:05 a.m.

Respectfully submitted,

A handwritten signature in cursive script, reading "Debra J. McNulty". The signature is written in black ink and is positioned above the printed name and title.

Debra J. McNulty
Clerk to the Board

MINUTES

MEETING - Board of Commissioners - Session 367

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Cathie France, Chief Public Affairs Officer
Joseph P. Ruddy, Chief Innovation Officer
James W. Noel, III, General Counsel
Matthew Barnes-Smith, Vice President, Strategic Planning
Jay Stecher, Vice President, Marketing and Communications
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Stephen Bain, On Course Solutions, LLC
Wade Powell, Dale Carnegie Training

Media:

Robert McCabe, *The Virginian-Pilot*
Nora Firestone, *Inside Business* (and photographer)

Chairman Milliken called the meeting to order.

I. Approval of Minutes

Action: At the request of Chairman Milliken, the minutes of the regular meeting held May 19, 2015, were unanimously approved, as circulated.

II. Reports of Committees

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

Chairman Milliken reported that the Executive Committee met yesterday in closed session to discuss various matters including the ongoing negotiations with the current owners of Virginia International Gateway (VIG). He reported that the talks have been very productive and positive, however, he said time is running out and the Port needs to make some strategic decisions for a “Plan B” if a mutually acceptable arrangement is not secured. The Chairman announced that he is looking for a decision by VIG’s owners by Labor Day.

Chairman Milliken reported that the Executive Committee also reviewed Mr. Reinhart’s 2015 metrics and advised that the results of the goals/metrics will be reviewed sometime early in the coming year in order to determine the performance incentive portion of Mr. Reinhart’s compensation.

The Chairman reported there were no formal action items taken by the Executive Committee.

B. Finance and Audit Committee – Gary T. McCollum, Committee Vice Chair

Mr. McCollum reported that the Finance and Audit Committee met yesterday and received presentations on various matters including personnel, real estate, and financial.

Mr. McCollum advised that the Committee reviewed and unanimously recommended approval of Resolution 15-8, authorizing the Executive Director to pursue the acquisition of a building located at 8031 Hampton Boulevard in Norfolk, immediately adjacent to NIT.

Action: Upon motion made by Mr. McCollum, on behalf of the Finance and Audit Committee, and seconded by Mr. Diamonstein, the Board unanimously adopted Resolution 15-8, approving the acquisition of office/warehouse located at 8031 Hampton Boulevard, Norfolk (the Acosta building).

It was emphasized by Mr. Oliver that the forecasted year-end results of \$16.1 million in operating profit were preliminary, as announced by the Governor.

He advised that his department is completing journal entries and working with auditors in-house on year-end field work and will keep the Board apprised of the audit results.

At this time, Mr. Oliver reviewed the VPA/VIT consolidated income statement for the month ended May 31, 2015 and for the 11 months ended May 31, 2015.

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

Mr. McCollum announced that the year-over-year performance was a credit to the POV team and he thanked everyone for their efforts. Chairman Milliken also thanked our port partners who were in attendance. The Secretary said the results bring credibility and sustainability to the Port and he emphasized the reinvestment of profits for capital development and port expansion.

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

Mr. Diamonstein reported that the Growth and Operations committee yesterday and heard from Shawn Tibbetts regarding continued congestion mitigation efforts, safety, and preparatory actions for the upcoming peak season, as well as long term planning for additional capacity and the investments needed.

I. Safety/Operations Report

Mr. Tibbetts announced that the Port added many new ILA employees to the ranks through the Virginia Maritime Association this year. He reported that the Port was able to hold down the Lost Work Day rate (LWD) for FY15 to 2.84, well below the industry standard of 4.2 LWDs per 200,000 man hours.

Mr. Tibbetts reviewed POV total rail vs. gate/barge volumes, and volumes at NIT and VIG. He reported that the POV rail to vessel performance at NIT is strong. Congestion at the terminals was down for the month of April. Mr. Tibbetts reported on process improvement on rail operations at NIT and he described the short-term expansion area at VIG that was recently completed in order to provide immediate capacity. He announced extended gates hours are scheduled in preparation for peak season cargo.

Mr. Tibbetts reviewed NIT, VIG, and PMT gate turn times, net cranes moves, and rail volumes per man hour. He explained that Port officials are continuing to meet with TMTA, the trucking community, and cargo interests, to improve the process and service reliability.

To expand on the Governor's comments, Secretary Layne talked about rail expansion projects that are critical inside and outside of the Port.

Mr. Diamonstein reported that the Growth and Operations Committee heard reports from Joe Ruddy regarding VIG developments and sustainability planning.

2. Innovation/Sustainability Report

Mr. Ruddy reported that his division provided analyses for the beginning phases of development of The Port of Virginia Master Plan and data management RFP.

He introduced Christopher 'Kit' Chope, former Commander of NAS Oceana, who recently joined POV as Vice President of Sustainability and Process Excellence, combining Port Development and Sustainability teams.

Mr. Ruddy reported that ISO 9001 has been recertified and during the ISO 14001 environmental audit, three minor non-conformances were identified and corrected. The auditor will return in late September for review.

Mr. Ruddy announced that in September the Port of Virginia will produce its first, cross-divisional, Sustainability Report that will focus on environmental stewardship, safety, and key elements that make our organization sustainable. He provided status reports on the following projects:

- 3rd Street Rail Portal
- PMT - Phase I wharf repair and Phase II design work
- NIT Maintenance Dredging
- VIG Temporary Pavement Project - Completed early July for rail operations
- PPCY Upgrades
- Appointment System Testing
- NIT Positional Detection System - NAVIS Coding Rewrites
- VIG NAVIS Upgrade

Mr. Diamonstein reported that the Committee heard from Joe O'Brien on commercial activity by our ocean carriers and Cary Hagen on opportunities with beneficial cargo owners.

3. Marketing Report

Mr. Capozzi introduced Jim Wade, Director, Breakbulk and Ro-Ro Sales, and announced that he is retiring from the Port after 43 years of service. David Harriss was introduced as Mr. Wade's replacement. Mr. Capozzi also introduced Kara Matzko who will begin her employment at VIT as the Mid-Atlantic Area Sales Manager on August 17th. In addition to her local sales duties, Ms. Matzko, who has experience working for VPA, HRCPII, and Century

Express, will also make calls on the local trucking community to address their concerns and provide feedback.

Mr. Capozzi reviewed fiscal year-end results for FY15 (July-June) and year-to-date Calendar Year results (January-June) as outlined in the attached copies from his presentation.

Mr. Capozzi reviewed major U.S. East Coast port TEU volumes and growth for FYTD 2015 vs. 2014, reflecting an increase in volumes due to larger vessels calling the East Coast via the Suez and diversions from the West Coast labor issues.

Mr. Capozzi commended the work of the Customer Service group and he reported that a new CRM system (customer relationship management) was implemented July 1, with training for the sales team scheduled for September.

Mr. Capozzi reviewed carrier highlights that included the addition of several new ship line services for the year. He reviewed breakbulk/ro-ro opportunities at Newport News Marine Terminal (NNMT) that included rail clearances by CSX; Port of Richmond; and Virginia Inland Port opportunities.

Mr. Capozzi closed with an overview of the new Heartland Intermodal Gateway (HIG)/Pritchard, West Virginia rail ramp with an official opening slated for December 2015.

III. Report by Chief Public Affairs Officer – Cathie France

Mr. Diamonstein reported that the Committee also heard from Cathie France regarding opportunities at the Port of Richmond and the timeline for the City of Richmond's approval of the long term lease.

Ms. France announced that the Richmond City Council, in last night's session, approved POV's request for a long-term lease of the Port of Richmond and they approved our timeline that will be published August 25. Ms. France reported the Council will vote on the lease at their next meeting scheduled for September 8. Ms. France emphasized the need for the Port to continue to raise its profile on the federal level. Ms. France talked about the recent port visit by LTG Bostic, head of USACOE, who promised support for guidance on the LLR for Craney Island for inclusion in the President's budget and working on consolidation of our terminals for funding.

Ms. France announced that Van Scoyoc Associates (Kevin Kelly and John Anderson) was selected as POV's new federal lobbyist, effective August 1st.

Ms. France reported on several bills that are going through the House and Senate with regard to transportation reauthorization and funding for port security and TIGER grants. She provided an update on the 559 Reimbursable Services Program and reported that POV was the only port selected.

Ms. France mentioned the Governor and Secretary Foxx, along with many other state and federal officials, attended the recent NIT North Gate and I-564 Connector ground-breaking ceremony. She reported that POV just submitted a TIGER grant application in the amount of \$38M for the first phase of the NIT optimization plan, estimated to cost \$150M. She also described POV's grant application to convert 3 eRTGs that will replace 9 straddle-carriers through the EPA's DERA grant program for clean diesel fuel.

Ms. France reported that VPA and the Army Corps recently signed a Federal Cost Sharing Agreement on the studies for the 55- and 45-foot harbor deepening projects and negotiated a project management plan, which she briefly described.

Ms. France reported on community relations activities, the LogistX Games, Port Productivity Summit, and economic development announcements.

Ms. France described the new team structure and activities under Marketing and Communications division that include Brand Ambassadors to ensure our values and branding are consistent throughout the organization and the development of a Brand Standards and Style Guide.

Ms. France concluded with a description of the activities within the Maritime Incident Response Team (MIRT) and Emergency Operations division that include: Search and rescue; IMT (Incident Management Team) implementation; resiliency planning; USCB preparation exercise, and sonar detection in conjunction with harbor pilots and USN to open up additional anchorage areas.

IV. Report by CEO/Executive Director – John F. Reinhart

Mr. Reinhart reflected on the work that had been accomplished in the last 17 months. He announced that The Port of Virginia has implemented plans, strengthened every department within the organization, and stated that the investment and capital was accelerated at a pace we have not seen since 2007. Mr. Reinhart announced that the investments we make today that will benefit the port for decades have been started under the guidance of the Board and Administration. Mr. Reinhart advised that this message will be broadcast to all POV colleagues in his briefing tomorrow morning.

Mr. Reinhart thanked the Board and Secretary for their support and he thanked all POV colleagues for their hard work over the last year and a half. He closed by saying that it was a pleasure to work for this Port and to be a part of the Team.

Chairman Milliken also expressed his appreciation on behalf of the Board.

V. Unfinished Business

There was no unfinished business to report.

VI. New Business

There was no new business to report at this time.

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

There being no further business and no public comments, the meeting adjourned at 11:10 a.m.

Respectfully submitted,


Debra J. McNulty
Clerk to the Board

The next regular public session of the VPA Board of Commissioners is scheduled for **Tuesday, September 22, 2015, at 9:00 a.m.**, in the Authority's Conference Room, 600 World Trade Center, Norfolk.

Committee meetings are scheduled for Monday, September 21 (times pending).

All open session presentations from today's meeting have been posted to VPA's website at:
<http://www.portofvirginia.com/about/our-board/board-room-meetings/>

VIRGINIA PORT AUTHORITY

(Committee Assignments effective May 19, 2015)

FY2015 STANDING COMMITTEES

Executive Committee

John G. Milliken, Chair
John N. Pullen, Vice Chair
Jennifer D. Aument
Alan A. Diamonstein
Gary T. McCollum

Finance and Audit Committee

Gary T. McCollum, Chair
Manju S. Ganeriwala (State Treasurer)
Kim Scheeler
Deborah C. Waters
F. Blair Wimbush

Growth and Operations Committee

Alan A. Diamonstein, Chair
Jennifer D. Aument, Vice Chair
Martin J. Briley
J. William Cofer
Faith B. Power
Val S. McWhorter

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

Investment Committee

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

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

Office of the Governor

Contact: Brian Coy, Brian.Coy@governor.virginia.gov

Port of Virginia

Contact: Joseph D. Harris

Spokesman

(757) 683-2137 / Office

(757) 675-8087 / Cell

jharris@portofvirginia.com

Governor McAuliffe Announces The Port of Virginia's Return to Profitability

*Port experiences \$31.5 million operating revenue swing, sets new record
for volume*

NORFOLK – Governor Terry McAuliffe today announced that The Port of Virginia's preliminary reports for fiscal year 2015 indicate that it will post its first yearly operating profit since 2008. The Port is forecast to turn a \$16.1 million profit, which is a \$31.5 million improvement in operating income compared with the prior fiscal year.

Speaking at an event at The Port of Virginia in Norfolk, the Governor also announced that the Port continued its record-setting cargo-handling pace in fiscal year 2015, handling more than 2.5 million TEUs in the twelve months that closed June 30, and eclipsing the record set last fiscal year by 8.9 percent.

"When I took office I knew that growing and diversifying Virginia's economy would require making The Port of Virginia the profitable gateway to the world that it can be," said Governor McAuliffe. "I am proud of the work my Administration, Port officials and what so many others have done to achieve this remarkable turnaround. I look forward to the central role this enormous asset will play as we work together to build a new Virginia economy."

"The Governor made it very clear last year that The Port of Virginia was going to change its course and become a sustainable operation, and it has," said Aubrey L. Layne, Virginia Secretary of Transportation. "Now the focus is on continuing the change and pushing forward to make ours the leading port on the East Coast, and we are already off to a great start."

The port closed fiscal 2015 with strong June TEU volumes, having handled 213,517 TEUs, which is a 14.5 percent improvement when compared with the same month last year. The month yielded growth across the board for the port:

- truck containers, up 20.5%
- vehicle units, up 102%
- rail containers, up 7.4%
- ship calls, up 11.7%

“Multiple factors are behind these figures, namely hard work, across the board, by the port team, our labor partners, industry partners and stakeholders; the success of this port is a collaborative effort,” said John F. Reinhart, CEO and executive director of the Virginia Port Authority (VPA). “We’re seeing gains from our ongoing effort to improve operational efficiency, and our strategic investments in equipment, in technology and in people are paying off. There is still much to do, and we are going to forge ahead with our plan to reinvest in infrastructure in order to compete now and in the future.”

Fiscal 2015 also included the following accomplishments:

- Re-opening of Portsmouth Marine Terminal
- The addition of 1,000 chassis to HRCF II
- Purchase of nearly 100 vehicles used in the movement of cargo
- Implementation of new terminal operations software
- The signing of a cost-sharing agreement with the Army Corps of Engineers to evaluate the benefits of two critical dredging projects: the deepening of the Norfolk Harbor and Southern Branch of the Elizabeth River
- Receipt of a \$15 million Transportation Investment Generating Economic Recovery (TIGER) grant to create a new intermodal gate complex at Norfolk International Terminals
- The completion of a bond sale to reduce debt costs, earning Aa3 and A+ bond ratings from Moody’s and S&P, respectively
- The passage of a \$489.7 million budget that includes \$135 million allocated for capital expenditures to alleviate congestion and position the port for future growth

“The fiscal year’s successes could not have been possible without the vision and guidance of our board of commissioners and support of the Governor and Secretary of Transportation,” Reinhart said. “Their dedication to our mission and recognition that the port is a driving economic engine in the Commonwealth enabled us to make the strategic and tactical moves necessary to start addressing our current issues with congestion as well plan for the future of the port.

“We still have a long way to go to address our challenges. However, the plan has now been laid out. It’s up to us to continue to work together with our partners, our customers and our colleagues to ensure the vision becomes a reality.”

Fiscal 2015, percent change vs. fiscal 2014:

- Total TEUs: 2,510,099 +8.9%

- Total Containers: 1,442,645 +9.3%
- Total Rail Containers: 465,898 +4.2%
- Total Barge Containers: 55,506 +10.9%
- Total Truck Containers: 921,241 +12%

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The Virginia Port Authority (VPA) is a political subdivision of the Commonwealth of Virginia. The VPA owns and through its private operating subsidiary, Virginia International Terminals, LLC (VIT), operates four general cargo facilities Norfolk International Terminals, Portsmouth Marine Terminal, Newport News Marine Terminal and the Virginia Inland Port in Warren County. The VPA leases Virginia International Gateway and the Port of Richmond. In fiscal 2013, The Port of Virginia provided more than 374,000 jobs and generated \$60.3 billion in total economic impact throughout the Commonwealth.



Virginia Port Authority Board of Commissioners, Session 367, July 28, 2015

May 2015 Financial Update

Rodney Oliver
Chief Financial Officer



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
May 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 45,006,012	\$ 37,060,238	\$ 7,945,774	21.4%

- Actual container volume was 133,411 vs. 116,867 budgeted, 14.2% ahead of budget
- Operating Revenue was 21.4% over budget, primarily due to the increased volume



Stewards of Tomorrow

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	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 45,006,012	\$ 37,060,238	\$ 7,945,774	21.4%
Operating Expenses:				
Terminal operations	18,129,301	16,267,793	(1,861,508)	-11.4%
Terminal maintenance	8,876,227	6,920,652	(1,955,575)	-28.3%
General and administrative	4,683,774	4,324,670	(359,104)	-8.3%
Facility Rental	4,942,691	4,665,783	(276,908)	-5.9%
Depreciation and amortization	3,894,390	4,280,874	386,484	9.0%
Total operating expenses	40,526,383	36,459,771	(4,066,612)	-11.2%

- Terminal operations expense was \$1.9 million (11.4%) over budget primarily due to volume
- Terminal maintenance expense was \$2.0 million (28.3%) over budget primarily due to volume and the costs to repair aging equipment
- Overall, operating expenses were \$4.1 million (11.2%) over budget for the month



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
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Depreciation and amortization	3,894,390	4,280,874	386,484	9.0%
Total operating expenses	40,526,383	36,459,771	(4,066,612)	-11.2%
Operating income (loss)	4,479,629	600,466	3,879,163	646.0%

- Operating income of \$4.5 million for the month of March was \$3.9 million more than budgeted



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
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Depreciation and amortization	3,894,390	4,280,874	386,484	9.0%
Total operating expenses	40,526,383	36,459,771	(4,066,612)	-11.2%
Operating income (loss)	4,479,629	600,466	3,879,163	646.0%
Non-operating revenues (expenses)	(1,292,313)	(1,640,478)	348,165	21.2%
Capital contributions and transfers	3,435,525	3,778,919	(343,394)	-9.1%

- Non-operating revenues (expenses) were \$348.2 thousand over budget , primarily due to debt issuance costs to accomplish the debt refunding
- Capital Contributions and transfers were \$343.4 thousand under budget



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
May 31, 2015

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 45,006,012	\$ 37,060,238	\$ 7,945,774	21.4%
Operating Expenses:				
Terminal operations	18,129,301	16,267,793	(1,861,508)	-11.4%
Terminal maintenance	8,876,227	6,920,652	(1,955,575)	-28.3%
General and administrative	4,683,774	4,324,670	(359,104)	-8.3%
Facility Rental	4,942,691	4,665,783	(276,908)	-5.9%
Depreciation and amortization	3,894,390	4,280,874	386,484	9.0%
Total operating expenses	40,526,383	36,459,771	(4,066,612)	-11.2%
Operating income (loss)	4,479,629	600,466	3,879,163	646.0%
Non-operating revenues (expenses)	(1,292,313)	(1,640,478)	348,165	21.2%
Capital contributions and transfers	3,435,525	3,778,919	(343,394)	-9.1%
Increase (decrease) in Net Position	\$ 6,622,841	\$ 2,738,907	\$ 3,883,934	141.8%

- Increase in Net Position was \$6.6 million, \$3.9 million (141.8%) over Budget



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
May 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 421,463,585	\$ 395,859,161	\$ 25,604,424	6.5%

- Operating Revenue was \$25.6 million (6.5%) ahead of budget primarily due to the 8.9% increase in volume fiscal year-to-date



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
May 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 421,463,585	\$ 395,859,161	\$ 25,604,424	6.5%
Operating Expenses:				
Terminal operations	180,201,270	174,382,299	(5,818,970)	-3.3%
Terminal maintenance	85,676,288	76,232,042	(9,444,246)	-12.4%
General and administrative	46,216,482	48,016,584	1,800,102	3.7%
Facility Rental	52,038,984	50,703,466	(1,335,518)	-2.6%
Depreciation and amortization	42,801,384	45,817,716	3,016,332	6.6%
Total operating expenses	406,934,408	395,152,107	(11,782,301)	-3.0%

- Terminal operating expenses were \$5.8 million (3.3%) over budget primarily due to the increase in container volume, but controlled by efficiencies
- Terminal maintenance expense was \$9.4 million over budget primarily due to the increased volume, increased utilities costs, costs to repair aging equipment, and weather related costs
- We continue to take a conservative approach with general and administrative expenses
- Total Operating expense was \$11.8 million (3.0%) over budget



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
May 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 421,463,585	\$ 395,859,161	\$ 25,604,424	6.5%
Operating Expenses:				
Terminal operations	180,201,270	174,382,299	(5,818,970)	-3.3%
Terminal maintenance	85,676,288	76,232,042	(9,444,246)	-12.4%
General and administrative	46,216,482	48,016,584	1,800,102	3.7%
Facility Rental	52,038,984	50,703,466	(1,335,518)	-2.6%
Depreciation and amortization	42,801,384	45,817,716	3,016,332	6.6%
Total operating expenses	<u>406,934,408</u>	<u>395,152,107</u>	<u>(11,782,301)</u>	<u>-3.0%</u>
Operating income (loss)	<u>14,529,177</u>	<u>707,054</u>	<u>13,822,123</u>	<u>1954.9%</u>

- Higher than budgeted revenue combined with operating expenses in line with budget resulted in an operating income of \$14.5 million, \$13.8 million ahead of budget for the first eleven months of the fiscal year.



Stewards of Tomorrow

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
May 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 421,463,585	\$ 395,859,161	\$ 25,604,424	6.5%
Operating Expenses:				
Terminal operations	180,201,270	174,382,299	(5,818,970)	-3.3%
Terminal maintenance	85,676,288	76,232,042	(9,444,246)	-12.4%
General and administrative	46,216,482	48,016,584	1,800,102	3.7%
Facility Rental	52,038,984	50,703,466	(1,335,518)	-2.6%
Depreciation and amortization	42,801,384	45,817,716	3,016,332	6.6%
Total operating expenses	<u>406,934,408</u>	<u>395,152,107</u>	<u>(11,782,301)</u>	<u>-3.0%</u>
Operating income (loss)	<u>14,529,177</u>	<u>707,054</u>	<u>13,822,123</u>	<u>1954.9%</u>
Non-operating revenues (expenses)	(17,438,465)	(17,097,793)	(340,672)	-2.0%
Capital contributions and transfers	34,628,049	34,686,563	(58,514)	-0.2%

- Non-operating expense were \$340.7 thousand (2.0%) over budget
- Capital contributions and transfers were \$58.5 thousand (0.2%) under budget



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Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
May 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 421,463,585	\$ 395,859,161	\$ 25,604,424	6.5%
Operating Expenses:				
Terminal operations	180,201,270	174,382,299	(5,818,970)	-3.3%
Terminal maintenance	85,676,288	76,232,042	(9,444,246)	-12.4%
General and administrative	46,216,482	48,016,584	1,800,102	3.7%
Facility Rental	52,038,984	50,703,466	(1,335,518)	-2.6%
Depreciation and amortization	42,801,384	45,817,716	3,016,332	6.6%
Total operating expenses	406,934,408	395,152,107	(11,782,301)	-3.0%
Operating income (loss)	14,529,177	707,054	13,822,123	1954.9%
Non-operating revenues (expenses)	(17,438,465)	(17,097,793)	(340,672)	-2.0%
Capital contributions and transfers	34,628,049	34,686,563	(58,514)	-0.2%
Increase (decrease) in Net Position	\$ 31,718,761	\$ 18,295,823	\$ 13,422,937	73.4%

- The overall results show an increase in Net Position of \$31.7 million through the first eleven months of the fiscal year, \$13.4 million ahead of Budget.



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Resolution No. 15-8

RESOLUTION AUTHORIZING ACQUISITION OF OFFICE/WAREHOUSE LOCATED AT 8031 HAMPTON BOULEVARD, NORFOLK, VIRGINIA AND EXPENDITURES FROM 2015 COMMONWEALTH PORT FUND REVENUE BOND PROCEEDS

The Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") has found and determined that it is in the best interest of the Authority to purchase the property and improvements located at 8031 Hampton Boulevard, Norfolk, Virginia consisting of an office/warehouse building containing approximately 84,358 square feet on 2.96 acres of land (the "Property").

The Property is currently owned by Financial Way Realty, Inc., an Ohio corporation (the "Seller").

The officers of the Authority have estimated that the purchase price and closing costs will not exceed \$3,150,000.00 and have represented to the Board that there are monies available to the Authority in the 2015 Commonwealth Port Fund Revenue Bond proceeds to pay the purchase price of the Property and closing costs.

Now therefore, it is resolved by the Board of Commissioners of the Virginia Port Authority as follows:

Section 1. Authorization of Purchase. The Board approves the purchase of the Property and authorizes the officers and staff of the Authority to take such further action as they deem necessary to implement, complete and pay for the purchase price of the Property and costs of closing, including, but not limited to, entering into a Purchase and Sale Agreement with the Seller. The Board hereby approves the expenditure of monies from 2015 Commonwealth Port Fund Revenue Bond proceeds not to exceed \$3,150,000.00 to pay the purchase price of the Property and closing costs.

Section 2. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority with regard to the purchase of the Property and the use of Commonwealth Port Fund monies are hereby ratified and confirmed. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional contracts, documents and certificates as they may in their discretion deem necessary or proper in connection with the purchase of the Property.

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

Passed and adopted this 28th day of July, 2015.

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

John G. Milliken
Chairman

Attest:

A handwritten signature in blue ink, appearing to read "Debra J. McNulty", written over a horizontal line.

Debra J. McNulty
Clerk

28555987v.2

Complete Fiscal Year

Complete Fiscal Year: July - June

	FY14: Jul-Jun	FY15: Jul-Jun	Change	% Change
Total TEUs	2,305,911	2,510,099	204,188	8.9%
Export TEUs	1,237,636	1,356,486	118,850	9.6%
Import TEUs	1,068,275	1,153,613	85,339	8.0%
Total Containers	1,319,500	1,442,645	123,145	9.3%
General Cargo Tonnage	19,521,002	19,730,976	209,974	1.1%
Container Tonnage	19,160,499	19,433,772	273,273	1.4%
Breakbulk Tonnage	360,503	297,204	(63,299)	-17.6%
Total Rail Containers	447,285	465,898	18,613	4.2%
VIP Containers	35,305	36,060	755	2.1%
Total Barge Containers	50,033	55,506	5,473	10.9%
Total Truck Containers	822,182	921,241	99,059	12.0%
Ship Calls	1,879	1,990	111	5.9%
Vehicle Units	34,254	39,193	4,939	14.4%



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Calendar Year to Date

Calendar Year-to-Date: January - June

	CY14: Jan-Jun	CY15: Jan-Jun	Change	% Change
Total TEUs	1,136,654	1,253,716	117,062	10.3%
Export TEUs	618,673	676,770	58,097	9.4%
Import TEUs	517,981	576,946	58,964	11.4%
Total Containers	649,754	719,261	69,507	10.7%
General Cargo Tonnage	9,619,461	10,289,035	669,574	7.0%
Container Tonnage	9,431,246	10,131,676	700,430	7.4%
Breakbulk Tonnage	188,215	157,359	(30,856)	-16.4%
Total Rail Containers	221,282	239,084	17,802	8.0%
VIP Containers	17,797	17,016	(781)	-4.4%
Total Barge Containers	25,458	24,030	(1,428)	-5.6%
Total Truck Containers	403,014	456,147	53,133	13.2%
Ship Calls	941	974	33	3.5%
Vehicle Units	19,056	30,299	11,243	59.0%



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