

MINUTES

ANNUAL MEETING - Board of Commissioners - Session 373

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
August 9, 2016

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its annual meeting on August 9, 2016, 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 9:00 a.m.

The following were then in attendance:

Commissioners:

John G. Milliken, Chairman
John N. Pullen, Vice Chairman
Jennifer D. Aument
J. William Cofer
Alan A. Diamonstein
Daniel C. Gundersen
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 and Executive Director
Rodney W. Oliver, Chief Financial Officer
Cathie Vick, Chief Public Affairs Officer
Joseph P. Ruddy, Chief Innovation Officer
James W. Noel, III, General Counsel
Russell Held, Vice President, Economic Development
Matthew Barnes-Smith, Vice President, Strategic Planning
Jay Stecher, Vice President, Marketing and Communications
Christopher “Kit” Chope, Vice President, Sustainability and Process Excellence

VPA Staff (continued):

Joe Harris, Senior Director, Media Relations
Andrew Sinclair, Director, Government Affairs
Carla Welsh, Director, Creative Services and Brand Management
Debra J. McNulty, Clerk to the Board

Virginia International Terminals, LLC (VIT) Staff:

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

Guests:

The Hon. Aubrey L. Layne, Jr., Secretary of Transportation
Brice Fiske, Office of the Attorney General
Art Moye, Virginia Maritime Association (VMA)
Bryant McGann, Vandeventer Black LLP
David Stalfort, ABS Group
Eric Sisco, Virginia International Gateway (VIG), Inc.
Steve Bain, On Course Solutions, LLC
Bill Bateman, Savant Ltd.

Media

Kim Pierceall, *The Virginian-Pilot*

Introductions

Mr. Harris introduced guests who were in attendance at that time. Mr. Ruddy conducted the safety briefing. 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, 2016 through June 30, 2017.

Nominating Committee

Val. S. McWhorter, Chair
Deborah C. Waters
F. Blair Wimbush

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, 2016 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

Mr. McWhorter reported that it was the unanimous consensus of the Nominating Committee to reappoint all officers and maintain the current leadership for continuity.

Action: Mr. McWhorter made a motion to nominate all current officers of the Board for reappointment. The motion was seconded by Mr. Diamonstein. The Board closed the floor for nominations and, by an affirmative vote (13-0), reappointed all Board officers for the fiscal year ending **June 30, 2017**.

II. Appointments to Standing Committees

Chairman Milliken announced that Commissioners are welcome to contact him if they wish to change committee membership and that he would take it into consideration. He noted that all members of the Board are welcome to attend all committee meetings. The Chairman reported that committee membership would be announced at the next meeting and he referred to the current Standing Committee list that was included on the agenda (list attached).

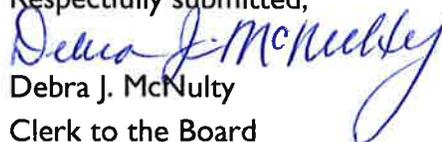
III. Other Business

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
Clerk to the Board

MINUTES

MEETING - Board of Commissioners - Session 374

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
August 9, 2016

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on August 9, 2016, 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 9:10 a.m.

All attendees from the Annual Meeting, held previously, were in attendance (see list).

I. Approval of Minutes

Action: At the request of Chairman Milliken, the minutes of the regular meeting held June 7, 2016, were unanimously approved, as circulated.

II. Reports of Committees

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

At this time, Chairman Milliken asked Secretary Aubrey Layne to provide an overview of current road and rail projects throughout the Commonwealth.

Secretary Layne announced that The Port of Virginia is a major consideration for the Commonwealth’s surface transportation plan. The Secretary described several priority projects that are under the purview of the Hampton Roads Transportation Accountability Committee (HRTAC). (For a list of projects, go to: <http://www.hrtac.org/>)

Secretary Layne also referred to the map depicting The Port of Virginia Industrial Market - Southside and Peninsula and harbor crossings. He then announced that the Commonwealth Transportation Board (CTB) would be reviewing alternatives for a Third Crossing.

The Secretary continued with a description of several projects that are planned for Richmond and the Front Royal area. He also described the Atlantic Gateway Project and I95 Corridor, and the opening of the Virginia Avenue Tunnel next year that will increase rail capacity for freight and passenger rail service. The Secretary reported that his office is also working with

the Department of Rail and Public Transportation (DRPT) on a freight plan that would include Norfolk Southern and CSX, for services in and around the marine facilities.

Chairman Milliken thanked the Secretary for the briefing.

Chairman Milliken reported that the Executive Committee met in closed session yesterday to discuss the status of negotiations to extend the lease at Virginia International Gateway (VIG).

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

Mr. McCollum reported the Finance and Audit Committee met yesterday afternoon and received presentations from management on the status of FY2016 year-end financial results and audits, and a legal update. He announced that the VIT auditors are currently conducting fieldwork and are ahead of schedule and that VPA auditors will begin fieldwork after the conclusion of the VIT audit fieldwork. Mr. McCollum announced that no actions or votes were taken during the meeting.

Mr. Oliver presented the financial reports for the month of May and for the eleven months ended May 31, 2016 (FY16). He announced that year-end financials were not complete at this time.

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

Secretary Layne congratulated the team on the financial results.

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

Mr. Diamonstein announced that the Growth and Operations committee met in closed session yesterday and heard a report from Shawn Tibbetts, Chief Operations Officer, on safety, service level updates, facilities optimization and cumulative savings performance. He turned the meeting over to Mr. Tibbetts at this time.

I. Safety/Operations Report

Mr. Tibbetts reported that the Lost Work Days (LWD) rate for FY16 was 2.53 man-hours as measured against the industry average of 3.5 – a 24.4% improvement over the last fiscal year. For the benefit of the Board, Mr. Tibbetts explained the criteria for reporting LWDs.

Mr. Tibbetts reviewed total POV rail vs. gate/barge volumes and reported volumes and metrics for VIG, NIT, and PMT. He announced that rail/gate/barge volumes remain strong.

Mr. Tibbetts provided statistics on rail dwell times at NIT and VIG and explained that dwell times have consistently remained well below the target. He also reviewed gate turn-times at all three marine terminals, which also have improved and remained below target as compared with FY15.

Mr. Tibbetts announced that information on gate hours will be broadcast by POV soon in preparation for peak-season operations. He concluded with a report on net crane moves per hour.

2. Sales Report

Mr. Diamonstein reported that the Committee also heard from Tom Capozzi, Chief Sales Officer, who provided an overview of upcoming alliance reorganizations, market shifts, sales enhancements, peak season expectations, and an update on POV's Strategic Growth Plan.

Mr. Capozzi reviewed volumes for The Port of Virginia for FY2016 and also for CY2016. (Copies of volume statistics for both reporting periods are attached.)

Mr. Capozzi described some of the reasons for the downturn in break-bulk, barge, and vehicle traffic. He announced that POV is receiving strong growth projections from our BCOs (beneficial cargo owners) for CY2017. Mr. Capozzi reported that rail at Virginia Inland Port (VIP) and barge volumes at Richmond Marine Terminal (RMT) remain strong.

Mr. Capozzi reviewed changes in the U.S. import market for East, West, and Gulf ports; upcoming alliance reorganizations; and market share after alliance changes showing the affects globally, on the East Coast, and for The Port of Virginia. He announced that 90% of POV's business will be with the three major alliances – 2M+, Ocean, and The Alliance.

Mr. Capozzi also described some of the losses/gains of export and import commodities.

Mr. Capozzi also mentioned the Panama Canal opening ceremony that was attended by Rodney Oliver; and the European Trade mission that included Mr. Capozzi, Mr. Reinhart and Betty Princen with POV's Brussels office.

Ms. Aument thanked Mr. Capozzi and Mr. Tibbetts for their reporting and she emphasized the importance of customer satisfaction.

Mr. Diamonstein announced that the Growth and Operations Committee also received reports from Cathie Vick, Chief Public Affairs Officer, and Joe Ruddy, Chief Innovation Officer.

III. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs presented recruitment metrics for CY15-CY16 year-to-date, and reported that 52% were new hires and 48% of the positions were backfilled.

He announced that POV's summer internship program was a success with 15 interns representing 12 departments. Mr. Bibbs explained that interns worked on a variety of projects, some of which POV will incorporate into its organizational processes. He congratulated the senior leadership team on their intern projects which were demonstrated at the Intern's Presentation Fair on July 28th.

Mr. Bibbs reported that POV has over 6,783 hours of live, tracked training for FY16. He announced that POV implemented crane training in partnership with Liebherr at Richmond Marine Terminal and also maintained ISO-14001 certification by passing the recent audit with zero non-compliance issues. Mr. Reinhart added that training hours include safety and leadership training that is being done across the Port.

Mr. Milliken emphasized the importance of ensuring that colleagues are properly trained and motivated which, he said, is key to The Port of Virginia's continued success.

IV. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick presented a photograph of port officials with the Governor who was in attendance for his announcement of the \$350 million investment for NIT optimization.

Ms. Vick reported that POV officials had the opportunity to accompany Col. Kelly, ACOE District Commander, when he met with Congressional leaders on June 13th, followed by a "fly-in" that included port customers on June 15th, to discuss port and transportation issues that include not only Virginia but other states as well.

Ms. Vick talked about Transportation Night at The Tides game in July, hosted by POV and Norfolk Southern. She thanked Chairman Milliken for attending the event that also included participation by our Hampton Roads Delegation.

Ms. Vick also presented photos of Secretary Layne and Chairman Milliken with the Panamanian Ambassador who was in town for a ceremony at NIT celebrating the arrival of the MOL

Benefactor on July 11th, and of the Governor, Secretary, Chairman, and Mr. Reinhart, at NIT for the South NIT expansion dedication, held July 20th.

Ms. Vick reported that there were 10 economic development announcements since the last Board meeting in June. In total, she reported that there were 28 economic development announcements in CY year-to-date; over 2.5 million in square footage; over \$619 million invested; and 3,060 jobs created.

Ms. Vick announced the spec industrial building projects recently announced by Panattoni (Suffolk) and the Interchange project (Portsmouth). She also mentioned the study that POV will bring to the Growth and Operations Committee for review in October.

Ms. Vick reviewed Public Affairs external communications efforts and announced that POV received six AAPA Communications awards, which she described.

Ms. Vick concluded with a report on the latest activities and exercises conducted by POV's MIRT and Emergency Operations team.

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

Mr. Ruddy announced that POV effectively moves cargo in accordance with the new SOLAS regulations on Verified Gross Mass (VGM) that took effect on July 1, 2016.

Mr. Ruddy reported that the ISO 9001 surveillance audit was conducted on June 23-24 which resulted in four minor non-conformances that being addressed. He advised that POV will seek recertification of ISO-9001 in FY2018.

Mr. Ruddy reviewed progress-to-date on the NIT North Gate optimization project and indicated the new inbound/outbound traffic patterns on the map. He announced that the new gate is scheduled to be online prior to peak season in 2017.

Mr. Ruddy reported that, last week, POV issued an RFP for the largest single order of RMG (rail-mounted gantry) cranes in the port industry's history. He advised that POV received 60% of the design work on the South NIT project; 100% is due in December; and construction is scheduled to start in spring 2017.

Ms. Aument asked if POV's safety metrics include records reflecting contractor performance. Mr. Ruddy advised that the project team keeps track of that information separate from POV's metrics and can provide that information for the Board's review.

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

Mr. Reinhart reflected on FY2016 accomplishments that affected every area of the organization with improvements in metrics, safety, customer service, economic development, financials, and POV branding and values. He announced that 2016 has been a very successful fiscal year for The Port of Virginia.

Mr. Reinhart stated that POV has a strong team, an aggressive plan for infrastructure, and we are ready for peak season. He expressed appreciation to the Board and POV colleagues.

Chairman Milliken agreed with Mr. Reinhart and he congratulated the POV team. The Chairman also expressed appreciation for the people who work on the docks, colleagues out in the market place selling the port, and our business partners.

For the new fiscal year, Chairman Milliken emphasized continued operational efficiencies, aggressively marketing The Port of Virginia and letting customers know we can handle their business. He thanked everyone for their efforts.

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

Chairman Milliken announced that the VPA Board meeting scheduled for Tuesday, September 27, 2016, would be rescheduled to Wednesday, September 21 (time/location pending).

There being no further business and no public comments, the meeting adjourned at 10:12 a.m.

Respectfully submitted,


Debra J. McNulty
Clerk to the Board

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 March 15, 2016)

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
J. William Cofer
Daniel C. Gundersen
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:

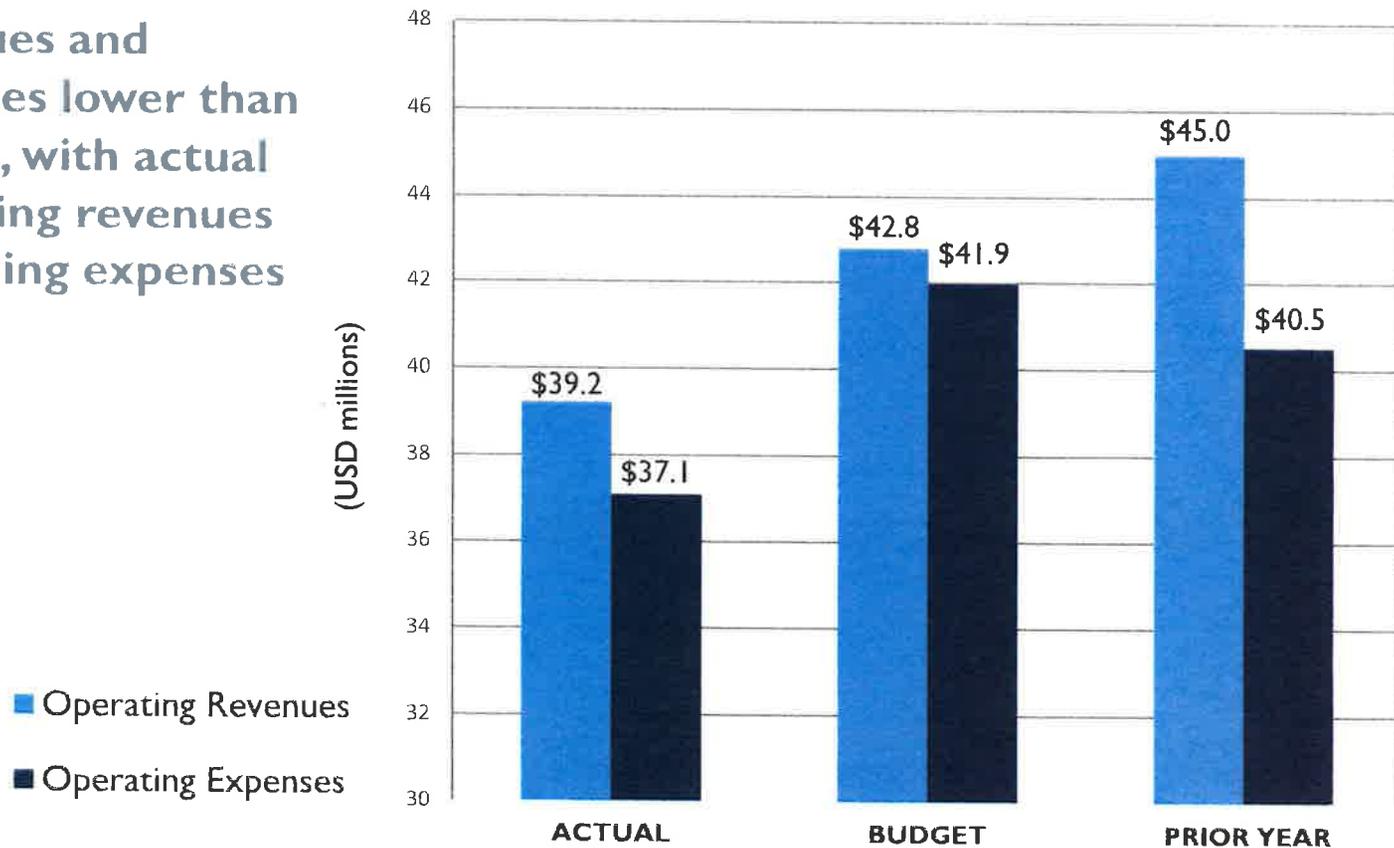
Investment Committee

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.

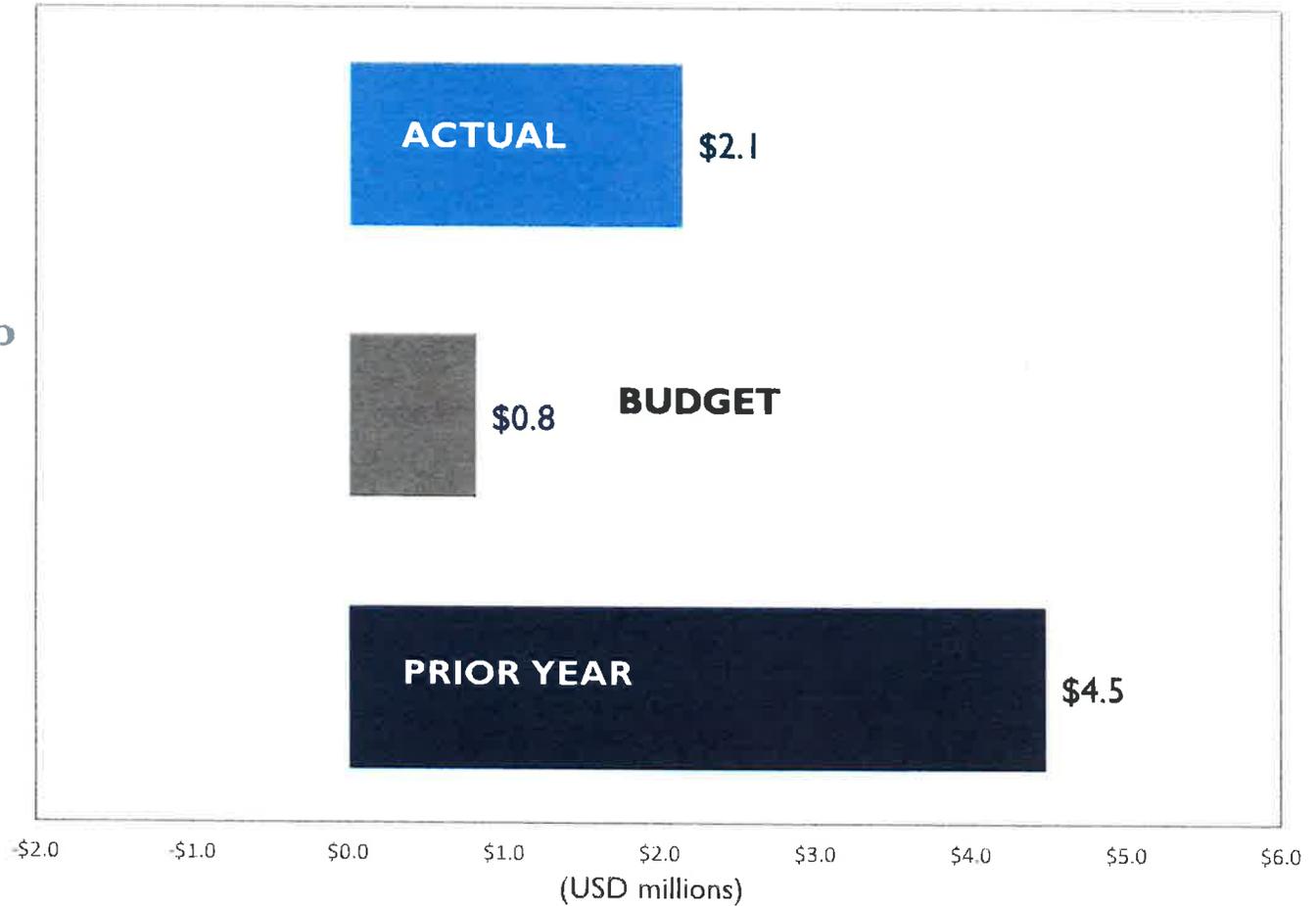
OPERATING REVENUES AND EXPENSES: For the Month Ended May 31, 2016

Revenues and expenses lower than budget, with actual operating revenues exceeding expenses



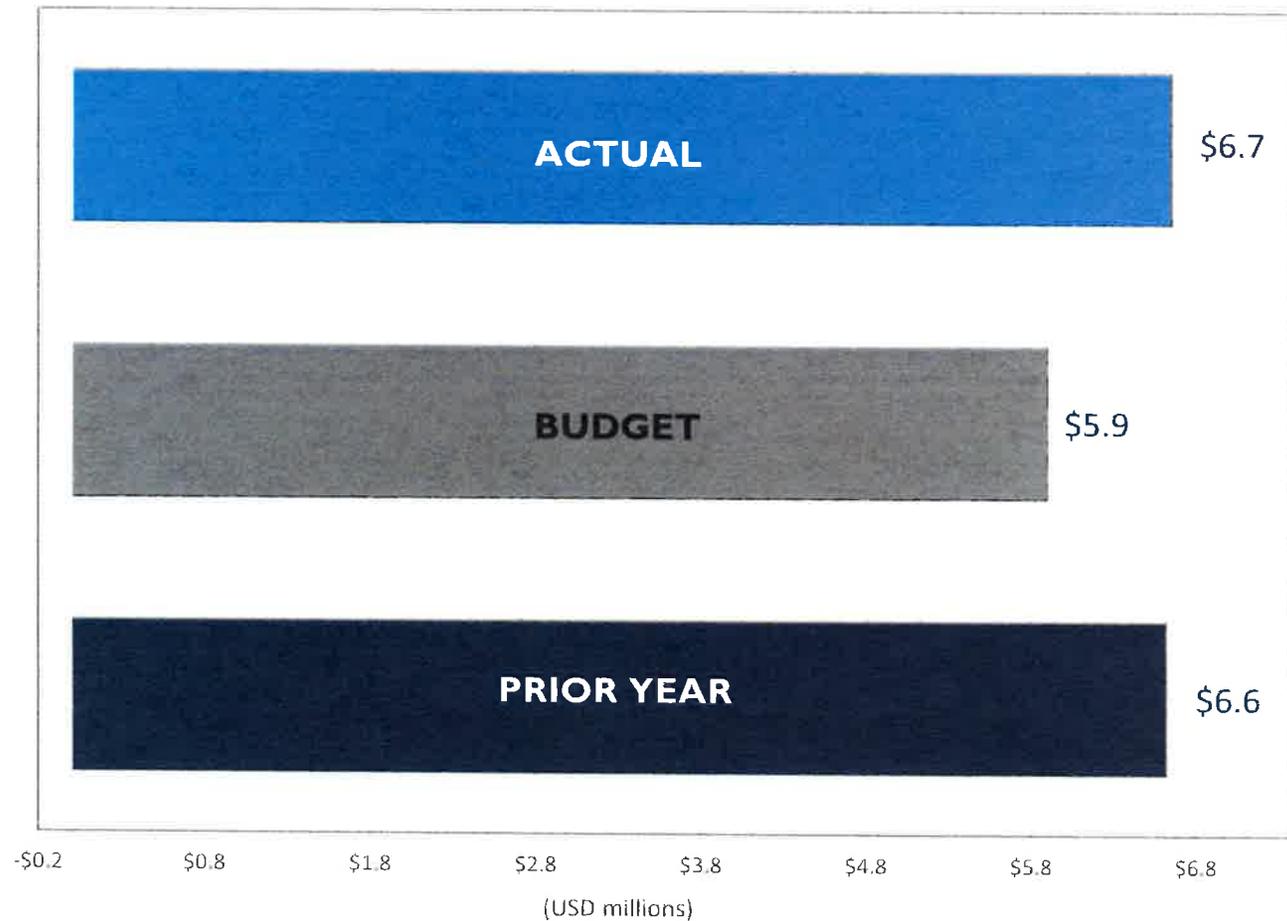
OPERATING INCOME (LOSS): For the Month Ended May 31, 2016

Favorable
variances to
Budget and
Unfavorable to
Prior Year



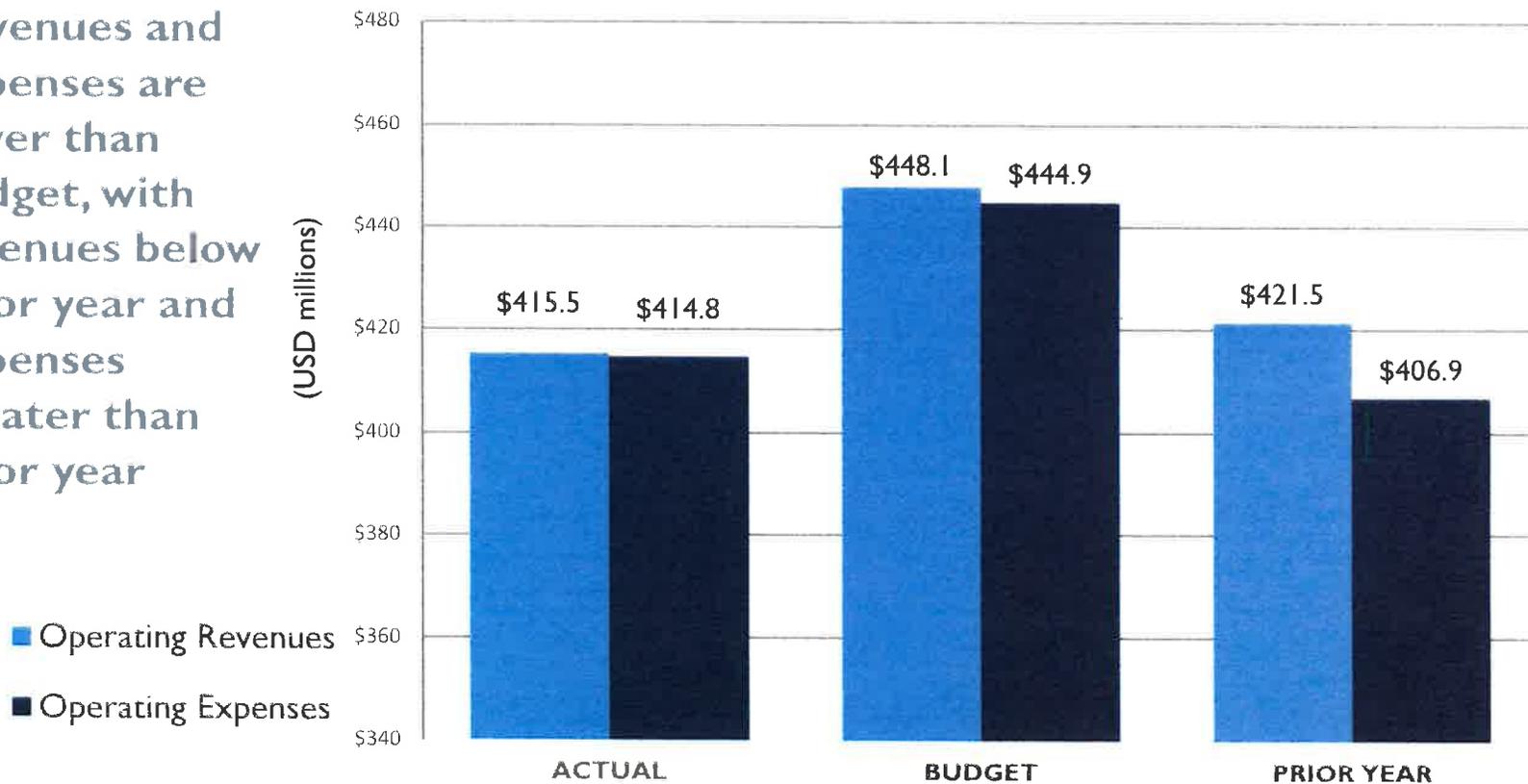
CHANGE IN NET POSITION: For the Month Ended May 31, 2016

Favorable in
Net Position
to Budget and
Prior Year



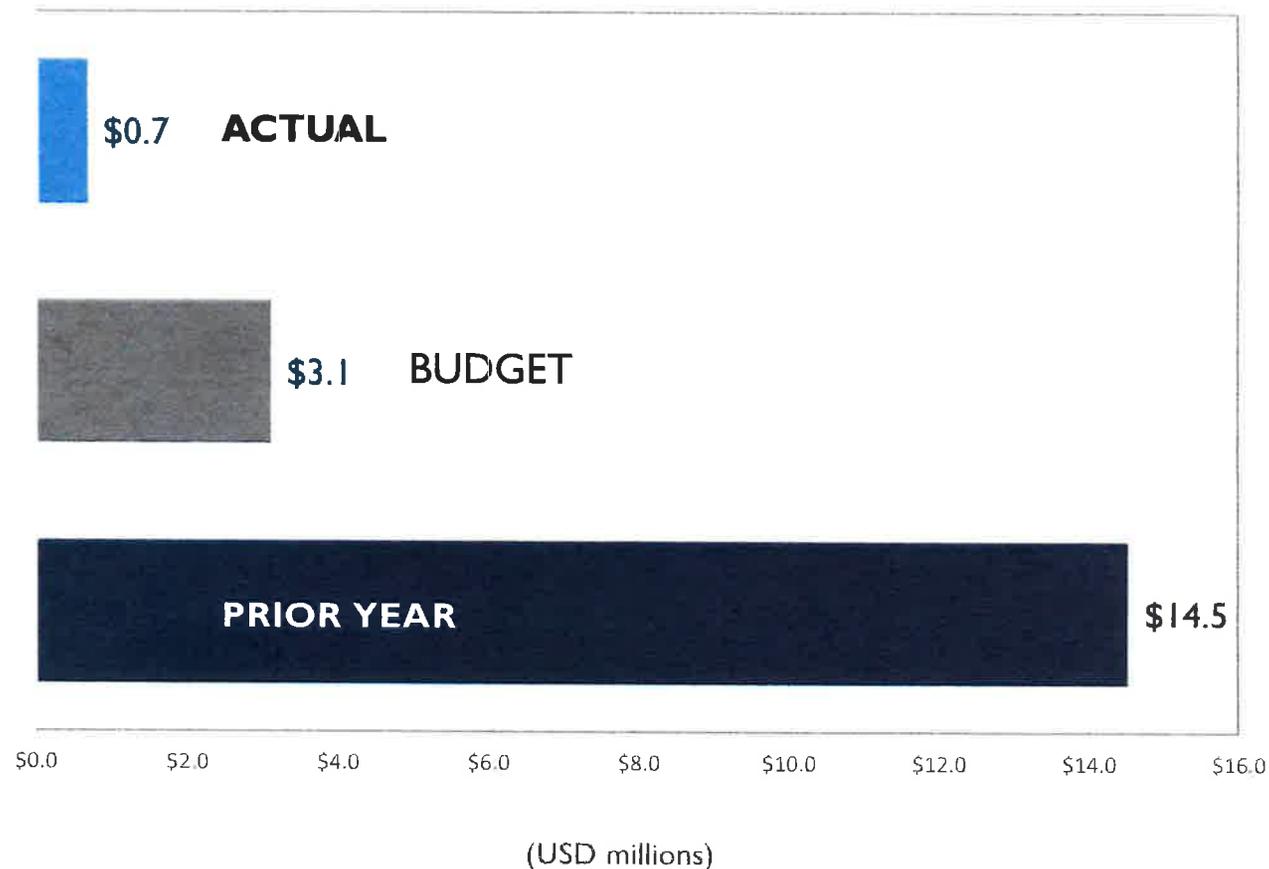
OPERATING REVENUES AND EXPENSES: For the Eleven Months Ended May 31, 2016

Revenues and expenses are lower than budget, with revenues below prior year and expenses greater than prior year



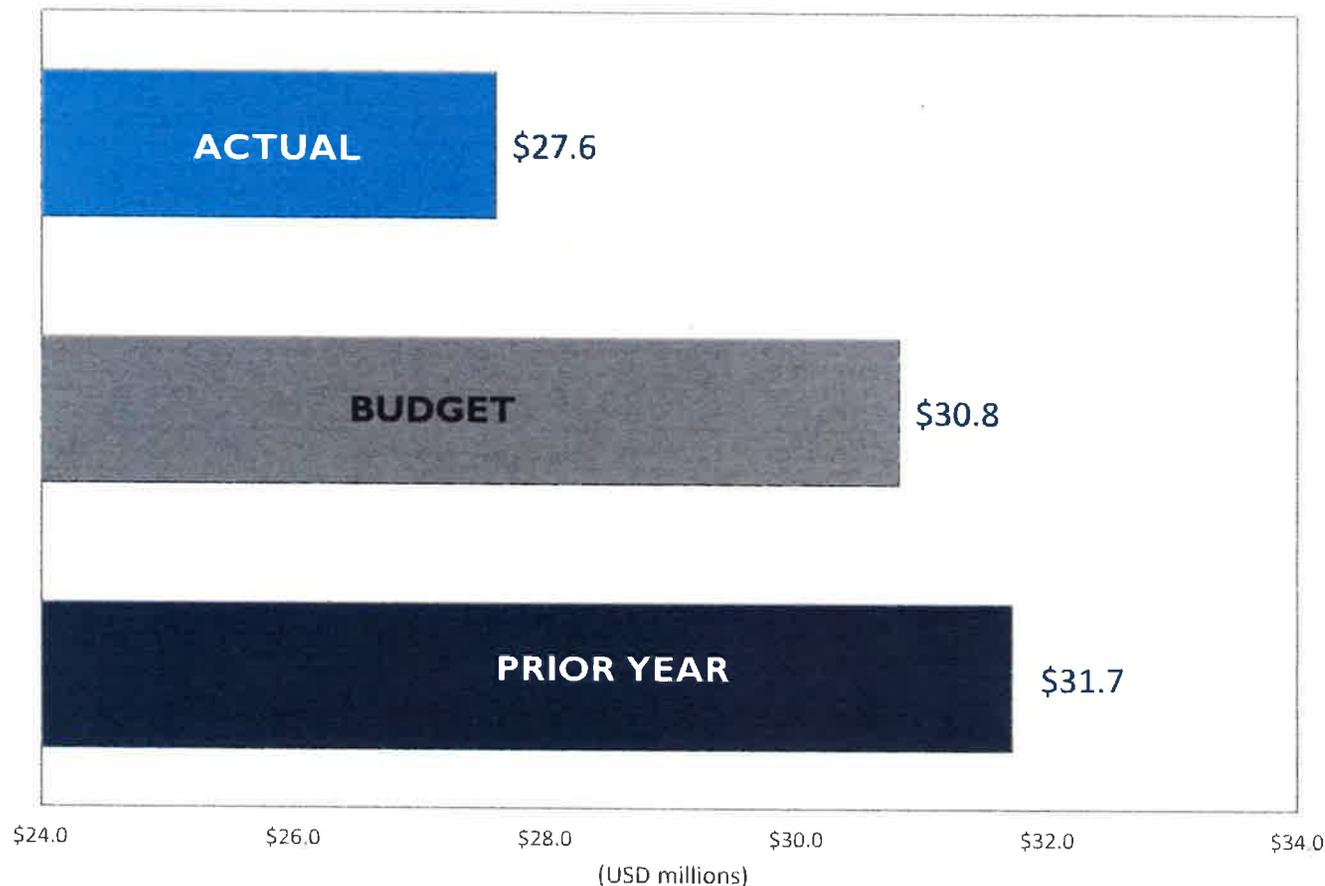
OPERATING INCOME(LOSS): For the Eleven Months Ended May 31, 2016

Positive
Operating
Income but
unfavorable
variances to
Budget and
Prior Year



CHANGE IN NET POSITION: For the Eleven Months Ended May 31, 2016

Lower Change
in Net Position
compared to
Budget and
Prior Year



Port of Virginia Volumes FY2016

Fiscal Year-to-Date: July - June

	FY15: Jul-June	FY16: Jul-June	Change	% Change
Total TEUs	2,510,099	2,573,635	63,536	2.5%
Export TEUs	1,356,486	1,410,090	53,604	4.0%
Import TEUs	1,153,613	1,163,545	9,932	0.9%
Total Containers	1,442,645	1,460,704	18,059	1.3%
General Cargo Tonnage	19,727,380	19,774,034	46,654	0.2%
Container Tonnage	19,433,772	19,524,006	90,234	0.5%
Breakbulk Tonnage	293,608	250,028	(43,580)	-14.8%
Total Rail Containers	465,898	511,096	45,198	9.7%
VIP Containers	36,060	40,499	4,439	12.3%
Total Barge Containers	55,506	41,323	(14,183)	-25.6%
RMT Containers	14,114	16,347	2,233	15.8%
Total Truck Containers	921,241	908,285	(12,956)	-1.4%
Ship Calls	1,989	2,023	34	1.7%
Vehicle Units	36,793	36,134	(659)	-1.8%



Stewards of Tomorrow

Port of Virginia Volumes CY2016

Calendar Year-to-Date: January - June

	CY15: Jan-June	CY16: Jan-June	Change	% Change
Total TEUs	1,253,716	1,278,081	24,365	1.9%
Export TEUs	676,770	694,648	17,878	2.6%
Import TEUs	576,946	583,432	6,486	1.1%
Total Containers	719,261	725,217	5,956	0.8%
General Cargo Tonnage	10,285,434	10,081,761	(203,673)	-2.0%
Container Tonnage	10,131,674	9,973,692	(157,982)	-1.6%
Breakbulk Tonnage	153,760	108,069	(45,691)	-29.7%
Total Rail Containers	239,084	266,099	27,015	11.3%
VIP Containers	17,016	20,261	3,245	19.1%
Total Barge Containers	24,030	17,747	(6,283)	-26.1%
RMT Containers	6,790	8,377	1,587	23.4%
Total Truck Containers	456,147	441,371	(14,776)	-3.2%
Ship Calls	973	999	26	2.7%
Vehicle Units	27,899	14,560	(13,339)	-47.8%



Stewards of Tomorrow