

## **MINUTES**

### ***Virginia Port Authority Board of Commissioners Meeting – Public Session #386***

#### Meeting Location:

Virginia Economic Development Partnership (VEDP)

901 East Cary Street

Richmond, Virginia

Tuesday, May 22, 2018

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The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on May 22, 2018, in the 9<sup>th</sup> Floor Conference Room of Virginia Economic Development Partnership (VEDP) located at 901 East Cary Street, Richmond, 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

Jennifer D. Aument

J. William Cofer

Alan A. Diamonstein

Manju S. Ganeriwala, State Treasurer

Val S. McWhorter

Stephen Moret

Faith B. Power

Kim Scheeler

Louisa M. Strayhorn

F. Blair Wimbush

#### Commissioners Absent:

John N. Pullen, Vice Chairman

Deborah C. Waters

#### VPA Staff:

John F. Reinhart, Executive Director and CEO

James Bibbs, Chief Human Resources Officer

Rodney W. Oliver, Chief Financial Officer

Cathie Vick, Chief Public Affairs Officer

Joseph P. Ruddy, Chief Innovation Officer

Sarah McCoy, General Counsel

Matthew Barnes-Smith, Sr. Vice President, Administration Services & Compliance

Jay Stecher, Vice President, Marketing & Communications

Daniel Hendrickson, Vice President, Strategic Planning & Analytics

VPA Staff (continued):

Nina Malone, Director, Financial Planning & Analysis

Joe Harris, Senior Director, Media Relations

Jonathan Gray, Senior Manager, Financial Reporting & Budget

Melissa Fularon, Manager, Grant Administration

Chris Gullickson, Economic Development Manager

Debra J. McNulty, Secretary to the Board

Jodie L. Asbell, Senior Executive Administrative Assistant & Deputy Secretary to the Board

Virginia International Terminals LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer

Shawn Tibbetts, Chief Operations Officer

Guests:

W. Brice Fiske, Office of the Attorney General

Mark Furlo, City of Portsmouth

Grace LeRose, City of Richmond

Steven Lynch, City of Hampton

David McNeel, City of Richmond

Amy Novak, Town of Smithfield

JoAnne Carter, PFM Financial Advisors LLC

Paul Olsen, Old Dominion University (ODU)

Marilynn Ryan, Century Express/President, Tidewater Motor Truck Assoc. (TMTA)

George L. Scruggs, Jr., Kutak Rock LLP

David White, Virginia Maritime Association (VMA)

There were no members of the media present.

**Safety Briefing and Introductions**

Mr. Oliver conducted the safety briefing, and Mr. Harris introduced guests who were in attendance at the start of the meeting.

Chairman Milliken opened the floor for public comments. No one spoke at this time.

**I. Approval of Minutes**

**Action:** At the request of Chairman Milliken, the minutes of the regular meeting held March 27, 2018, were unanimously approved by the Board, as circulated.

## **II. Presentation – FY19 Aid to Local Ports (ALP) Grants and Consideration of Resolution 18-4**

Mr. Chris Gullickson thanked Ms. Melissa Fularon, in her role as Manager, Grant Administration, for her work on the FY19 Aid to Local Ports Grant applications. He also welcomed members of the localities who were present to hear the award of grants for their projects. Mr. Gullickson presented a list of the ALP grant requests for FY19 and briefly described each of the projects. A copy of his presentation is attached. At the conclusion of the presentation, Chairman Milliken asked if there were any questions from the Board. After hearing none, he presented Resolution 18-4 for the Board's consideration.

**Action:** Upon motion by Mr. Diamonstein, seconded by Ms. Strayhorn, the VPA Board unanimously adopted Resolution 18-4 (11-0), authorizing Aid to Local Ports funding for FY19, totaling an estimated \$1,000,000 to the City of Newport News, City of Portsmouth, County of Accomack, County of Northampton, Town of Chincoteague, Town of Onancock, Town of Smithfield, and the Town of Wachapreague, and carried over grant funds as outlined in the Resolution.

Chairman Milliken emphasized the importance of the ALP grant program and recognizing the need for maritime projects throughout the waterways and coastal communities of Virginia.

## **III. Reports of Committees**

### **A. Executive Committee – John G. Milliken, Chairman**

Chairman Milliken reported that the Executive Committee met in closed session on Monday and discussed some personnel matters as well as the a review and approval of the performance metrics for the Executive Director for calendar year 2018. Chairman Milliken advised that results of the Executive Director's performance metrics will be the basis for Mr. Reinhart's annual evaluation (in January 2019).

Chairman Milliken explained the Memorandum of Board Action that was contained in the agenda materials that describes Board action taken pursuant to Bylaws Section 3.4.1, authorizing the Executive Director's to execute contracts for the Financial System Integrator, Business and Technology Resource Group (BTRG). A copy of the memo is attached.

Chairman Milliken announced appointments to serve on a Nominating Committee for the election of officers to the Board. He explained that the Nominating Committee will select a slate of officers for appointment/reappointment to the Board at the July 24<sup>th</sup> Annual Meeting.

Nominating Committee Members

Val S. McWhorter, Chair

Faith B. Power

Kim Scheeler

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

Mr. Wimbush reported that the Finance and Audit Committee met on Monday, April 21<sup>st</sup>, and received presentations from management and consultants on the upcoming Fiscal Year 2018 audits, the financial results through March 31, 2018, the Fiscal Year 2019 Budget, an opportunity to refund the Authority's 2011 Commonwealth Port Fund (CPF) bonds, revisions to the Authority's Procurement and Capital Outlay Manual (PCOM), and on SWaM (Small, Women-Owned and Minority) outreach and results.

Mr. Wimbush reported that Mr. Mike Garber, engagement Partner with PB Mares, addressed the reports to be issued, the estimated dates for interim and final fieldwork, and the responsibilities of the auditors, management, and the Committee for the FY18 audits.

Mr. Wimbush advised that the Committee met on April 30th and received a presentation from management on the draft FY19 annual budget and related assumptions. He reported that the Committee again reviewed the budget in Monday's Committee meeting. Mr. Wimbush announced that the Finance and Audit Committee would recommend passage of Resolution 18-5, approving the VPA FY19 Consolidated Annual Budget, after today's presentations by Mr. Jon Gray and Ms. Nina Malone.

Mr. Wimbush announced that Mr. George Scruggs, bond counsel with Kutak Rock, walked the Committee through the major sections of Resolution 18-6, which authorizes the Executive Director to approve the issuance of Commonwealth Port Fund (CPF) Revenue Refunding bonds, Series 2018. He announced that Mr. Scruggs was present and would address any questions with regard to the bond issue. Mr. Wimbush reported that the Finance and Audit Committee recommended passage of Resolution 18-6.

Mr. Wimbush further reported that the Committee received a presentation on the proposed Procurement and Capital Outlay Manual (PCOM), which involved combining two manuals (procurement and capital outlay) into one, similar to what had been done at the state level, clarification of signature authority, adoption of an ethics policy, and standardizing terms and conditions. Mr. Wimbush affirmed that the Finance and Audit Committee would recommend approval of Resolution 18-7, adopting the PCOM.

With regard to SWaM results and outreach, Mr. Wimbush reported that the Committee was informed that results through the third quarter of fiscal year 2018 had been very positive, with the Authority achieving actual results of 27.89% spend with SWaM contractors on VPA discretionary expenditures - ahead of the overall goal. The Finance and Audit Committee also received a presentation on outreach efforts and accomplishments.

Mr. Wimbush turned the meeting over to Mr. Oliver at this time.

### **VPA and VIT Combined Financial Reports for the Month Ended March 31, 2018 (FY18)**

Mr. Oliver presented financials for the month of March 2018 and reported that revenue was \$1.6 million ahead of expectations; operating expenses were \$3.4 million ahead and volumes for the month increased by 8.4%. He explained that operating costs and maintenance expenses were up due to the volumes, in addition to the shifting of cargo and extra gate hours due to the construction at NIT and VIG. End result, POV had a \$272,000 operating profit for the month of March which, Mr. Oliver affirmed, was consistent with where the port was a year ago.

Change in net position (net income) was \$9.5 million for the month of March compared to \$15 million budgeted. It was again reminded by Mr. Oliver that the timing of the state's funding for NIT South was a contributing factor to net position results.

Mr. Oliver reported fiscal year-to-date financials through March 31, 2018 - revenues are \$2.7 million ahead of budget, volume is less than 1% off from budgeted, and operating expenses were \$2.4 million higher than expectations.

For the nine month fiscal year period, POV had a \$31,000 operating profit compared with the budgeted operating loss of \$344,000. Net position was at \$37.4 million for the nine-month period. A copy of Mr. Oliver's presentation is attached.

### **The Port of Virginia FY19 Budget**

At this time, Mr. Jon Gray reviewed the finance team's approach to the FY 19 budget process, bond requirements for debt service coverage, comparing 2018 to 2019 projections, and reviewed the FY19 income statement with EBITDA (earnings before interest, taxes, depreciation and amortization). Mr. Gray reported that budgeted debt service ratios for FY19, which are in line with 2016 Master Plan projections, exceeds the minimum requirements of coverage. Mr. Gray announced that POV is projecting a run-rate equivalent operating income for FY19 of \$336,000. He reported that the EBITDA percentage remains steady despite an

increase in rent for VIG, year-over-year and EBITDA without the lease shows that POV is increasing its operational margins year-over-year.

Ms. Nina Malone reviewed assumptions that went into preparing the budget and she explained that volume is the main driver. She went over the projected volumes for each facility, reviewed year-over-year growth, and reported that total container volumes are expected to increase by 5.4% in FY19. Ms. Malone also reviewed projected growth at each of POV's terminals. She noted that growth in volumes is in line with the Strategic Growth Plan (SGP) developed by the POV sales team. She announced that the projected volume growth of 5.4% is also in line with the Master Plan and Consulting Engineer's Report.

Ms. Malone reviewed revenue and expense assumptions and the effects on the FY19 income statement, with a projected 9.4% increase in operating revenues and operating expenses. The full FY19 income statement with EBITDA (page 15) reflected the \$336,000 run rate for operating income, as reported by Mr. Gray, and EBITDA of 26.1%.

Ms. Malone also presented the FY19 Capital Outlay budget for VPA and VIT projects and the various sources of POV funding.

A copy of the FY19 budget presentation is attached.

Mr. Reinhart thanked Ms. Malone and Mr. Gray for their presentations and mentioned that the finance team worked very hard all year to produce the budget. He warned that FY19 and FY20 would be "thin years" as demonstrated by FY19 budget margins. Mr. Reinhart affirmed that POV would continue to work to provide good service levels and make sure money is spent where it is needed.

Mr. Wimbush reported that the Finance and Audit Committee reviewed the draft budget in detail (on April 30<sup>th</sup> and in Monday's committee meeting). On behalf of the Finance and Audit Committee, Mr. Wimbush presented the Resolution 18-5, for approval of the FY19 budget.

**Action:** Upon motion by Mr. Wimbush, seconded by Ms. Aument, the VPA Board unanimously adopted Resolution 18-5 (11-0), approving the Virginia Port Authority Consolidated Annual Budget for Fiscal Year Ending June 30, 2019.

Chairman Milliken referred to slide #15 in the presentation which, he said, underscores a net operating income of 0.06%, if everything goes according to plan. He emphasized that this is a break-even budget and that the Port will make every effort to turn in a profitable year. The Chairman explained that the purpose of the Virginia Port Authority is to create jobs and economic development and he talked about the money being invested in the long-term future

of POV with the dual expansions taking place at NIT South and VIG and capital equipment coming onboard. He also spoke of the operational challenges with the construction and congestion and he mentioned that everyone is “feeling the pain”.

Chairman Milliken seconded Mr. Reinhart’s praise of POV colleagues and he confirmed the Board’s support of the new budget.

Mr. Wimbush reported that the Finance and Audit Committee heard a presentation by bond counsel, Mr. George Scruggs, on the proposed bond refunding and approved the transaction. He referred questions to Mr. Scruggs. After hearing none, Mr. Wimbush presented Resolution 18-6.

**Action:** Upon motion by Mr. Wimbush, seconded by Mr. Scheeler, the VPA Board unanimously adopted Resolution 18-6 (11-0), approving Series Resolution supplementing Resolution 02-4 of the Virginia Port Authority and authorizing the issuance of up to \$63,000,000 of the Authority’s Commonwealth Port Fund Revenue Refunding Bonds Taxable Series 2018 and related matters.

Mr. Wimbush reported that Mr. Oliver and Mr. Barnes-Smith presented the VPA Procurement and Capital Outlay Manual (PCOM) on Monday and he advised that the PCOM was approved by Finance and Audit Committee members. He presented Resolution 18-7 for consideration by the Board.

**Action:** Upon motion by Mr. Wimbush, seconded by Mr. Diamonstein, the VPA Board adopted Resolution 18-7 (11-0), authorizing the adoption of the Procurement and Capital Outlay Manual (PCOM) in accordance with Section 2.2-4343 of The Code of Virginia of 1950 As Amended.

Mr. Wimbush thanked the budget team for their responsiveness to questions and recommendations by Finance and Audit Committee members after the April 30<sup>th</sup> meeting and he expressed confidence in the FY19 budget, under Mr. Reinhart’s leadership.

### **C. Investment Committee Report – Chairman Milliken**

Chairman Milliken reported that the Investment Committee met Monday afternoon and received presentations from the Port’s investment advisors, SageView, on the performance of the retirement plans of VPA and VIT through March 31, 2018, and from the Port’s actuary. The Chairman reported, at the meeting:

- The Committee was advised that 8 of the 16 investments in VIT’s pension plan

investments outperformed their benchmark for the quarter. Similarly, 10 of the 14 investments in VPA's pension plan outperformed their benchmark.

- The Committee was advised that 24 of the 27 investments in VIT and VPA's defined contribution plans outperformed their benchmark for the quarter.

- No investment management changes were recommended. However, two investments were continued to be placed on "watch" for closer scrutiny going forward. (Actions taken in open session by Investment Committee-see meeting minutes.)

- The Committee was advised by the actuary that the VIT pension plan was 92.6% funded and the VPA pension plan was 80% funded per generally accepted accounting principles (GAAP). From an Internal Revenue Service standpoint, the VIT plan is considered 75.7% funded. The Committee was also briefed on legislative updates, expected required contributions and pension expense for future fiscal years, as well as the need to consider and adopt certain valuation assumptions at the next Committee meeting (scheduled in September).

Mr. Oliver reported that the Investment Committee also approved a rebalance of VPA Defined Benefit plan assets from 75% equity and 25% fixed income to a 65%-35% blend, respectively, due to volatility of the market.

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

Mr. Diamonstein reported that the Growth and Operations committee met in closed session on Monday and heard from Chief Operations Officer, Shawn Tibbetts, who provided a safety report on the Lost Work Day rate, which is currently at 2.00 – a 15.97% improvement from FY17 and 20.95% from FY16. Mr. Diamonstein reported that Mr. Tibbetts provided updates on empty evacuations, service movements, the barge drayage program, and NIT and PMT dredging projects. He announced that the Committee also reviewed current events at NNMT with the arrival of the K-Line automobile vessel and super sack vessel, and was briefed on PMT berth repairs and the CMI crane status. The Committee also received updates on rail volumes, rail dwell, NIT capacity constraints due to construction, and gate productivity at each of the marine terminals. Mr. Diamonstein turned the meeting over to Mr. Tibbetts.

##### **I. Safety/Operations Report – Shawn Tibbetts, Chief Operations Officer**

Mr. Tibbetts reported that POV's safety programs are working well and metrics are on target this fiscal year with 2.00 Lost Work Days (LWD) per 200,000 man hours.

Mr. Tibbetts reviewed total POV rail vs. gate/barge volumes and reported that the port handled 44,000 rail lifts in April and that March was a strong month as well.



Mr. Tibbetts reported April rail volumes handled at each of the marine terminals – NIT-48%; VIG-26.5%; and PMT-20%. He reviewed rail dwell times at the three terminals comparing March to April and he explained dwell is measured from vessel discharge to rail car loading.

Mr. Tibbetts reported NIT had strong rail volumes for the months of March and April with improved rail dwell times. He explained that the increase in rail dwell over several months at VIG was caused by relocation of the rail operation due to construction at the facility which improved by April after recovering additional capacity on the north side. He then reviewed rail dwell at PMT which, he said, does not have good on-dock rail connections and relies on CSX service adjacent to the facility as well as truck and barge moves.

Mr. Tibbetts reported that NIT gate turn times continued to improve by April with 46.5 minutes on traditional turn times and 57.4 minutes on expanded turn times – both are below the 60-minute target. He then explained how the reservation system is working at NIT and stated that POV is committed by working with our motor carrier community to improve services.

Mr. Tibbetts reported on VIG gate turn times which have shown improvement in the month of April. He explained that a large vessel service was moved from VIG to NIT which took a significant amount of volume out of VIG to alleviate congestion. Mr. Tibbetts reported that PMT experienced high volume growth in April with an average of 52.5 minutes on turn times. He explained that the facility's infrastructure is dated and labor intensive and he talked about some of the measures that were taken to handle the increase in volumes – extra equipment, expanded gate hours, and repositioning of empties.

Chairman Milliken asked how the N4 conversion is progressing. Mr. Tibbetts explained that there have been some issues to address through the progression for users inside and outside of the organization and that POV is working with stakeholders and the motor carrier community.

Mr. Tibbetts concluded with a summary of net crane moves per hour at each of the marine terminals. Chairman Milliken asked about the factors that drive productivity metrics. Mr. Tibbetts explained that three factors affect vessel productivity – vessel arrival (a global challenge); availability of equipment; and planning and execution. He described how POV meets with stevedoring partners every other week as well as with the Virginia Maritime Association to discuss productivity.

Mr. Tibbetts explained how volumes will be spread over 28 stacks at VIG verses 15 and how POV has invested in shuttle trucks at both facilities to shuttle containers back and forth from the vessels to the stacks. Additionally, the extra 800 feet of berth and new ship-to-shore cranes (total of 12) will increase berth productivity. Mr. Tibbetts also explained how the new N4

terminal operating system will increase productivity at both NIT and VIG in concert with the reservation system.

## 2. Sales Report – Thomas D. Capozzi, Chief Sales Officer

Mr. Diamonstein reported that the Growth and Operations Committee heard presentations from Tom Capozzi, Chief Sales Officer, who reported on North America ports and network reliability, rail headwinds, port capacity, tariff updates, inland reaches, update on POV's application with London Metal Exchange (LME), maiden voyage of the K-Line car vessel and customer service update.

Mr. Capozzi announced the arrival of the K-Line car carrier maiden voyage at Newport News Marine Terminal that discharged a trial shipment of GM vehicles from Mexico.

Mr. Capozzi reviewed POV volumes for fiscal year-to-date July-April 2018 (copy attached). A discussion ensued with regard to the balance between import and export loads and Virginia's potential for agricultural exports.

Mr. Capozzi reported that POV's Customer Service group has partnered with Norfolk Southern on reciprocal visits to share customer service initiatives with a focus on benchmarking to better serve our customers. He announced that POV upgraded to the latest version of Microsoft Dynamics CRM (customer relationship management) system on May 4<sup>th</sup> and the rest of the sales team will be upgraded by July 1<sup>st</sup>, followed by the economic development team. Mr. Capozzi mentioned that Customer Service assisted with training for the trucker reservation system and N4. He also reported on the collaboration with Georgia Ports Authority, in compliance with the East Coast Gateway Terminal Agreement (ECGTA), whereby several meetings were held to compare both port's customer service systems.

Mr. Capozzi announced that a second visit by the London Metal Exchange (LME) representatives to POV took place on May 17<sup>th</sup>, after which Betty Princen, POV's Europe sales representative, followed up and received positive feedback. Mr. Capozzi explained the benefits of LME certification.

Mr. Capozzi provided an update on news about the Federal Government's recent tariffs and possible effects on POV commodities. A discussion ensued with regard to trade with China and imports/exports. He concluded with a report on the latest conferences attended by POV sales team members – the Furniture Market, Midwest Foreign Commerce Club, and CONECT Conference.

## 3. Innovation Report – Joseph P. Ruddy, Chief Innovation Officer

Mr. Ruddy announced that POV colleagues participated in a surveillance audit of our ISO9001 system by Bureau Veritas auditors on April 10<sup>th</sup>. He reported that POV had zero non-conformances, with seven areas noted for best practices, and one area noted for improvement (one report was suggested to be published quarterly vs. monthly). Mr. Ruddy reported that best practice areas that were noted were risk management, contract and real estate management, finance, and grant management.

Mr. Ruddy reported the latest POV Marketing and Communications messaging statistics (March 1 to May 1) and noted that top mentions were about capacity, economic development, reservation system, and congestion. Mr. Reinhart noted that VPA's collaboration with VEDP attributed to the number of "hits" in the economic development messaging.

Mr. Ruddy mentioned the State of the Port presentations by Mr. Reinhart that were held April 11-13 in Norfolk, Richmond, and Front Royal and he described some of the messaging that was contained in the presentation.

### **Projects Update**

Mr. Ruddy announced that there were no accidents, near misses, or safety violations at either of the NIT South and VIG construction sites during the month of April. He presented the Project Status Update scorecard and reported that all projects are on budget and on time with the exception of the VIG Phase II schedule and the NIT position detection system (PDS). He described the status on both projects.

Mr. Ruddy remarked that the N4 terminal operating software conversion was a "tremendous effort" by the project team. Mr. Diamonstein asked about some of the difficulties that could have been experienced. Mr. Reinhart commended the project team and described the efforts that went into the two-year development and testing of the N4 system before it went live on May 12<sup>th</sup>. He described the phased approach that the team did prior to the switch and admitted there were some disruptions such as with the billing system data and trucker tracking data that needed corrections but that there were no major operational issues. Mr. Reinhart mentioned that there were disruptions that other terminals had experienced with N4 that "brought them to their knees".

Ms. Aument congratulated the project team and she read an excerpt from a 2013 article in the Journal of Commerce that described the two-week shutdown of one of the ports on the East Coast when they attempted to convert to N4. Ms. Aument announced that the N4 conversion was a "big deal" for The Port of Virginia and for the partners and stakeholders of the port and said she was proud of the team. Mr. Ruddy said he would express the Board's appreciation to

Mr. Rich Ceci, Senior Vice President of Technology and Projects, who lead the project at VIG and who also oversaw the N4 conversion at NIT in June of 2014.

Mr. Ruddy provided updated slides on the construction progress at the VIG Phase II stackyard expansion and three automatic stacking cranes (ACSS) that were delivered on May 3<sup>rd</sup>. He reported that the final set of ACSS are due to arrive in June. Mr. Reinhart mentioned that each three stacks that come online gives POV 20% more capacity at the terminal.

Mr. Ruddy reviewed progress at the wharf extension and reported that the decking plates are almost completed and, after the concrete pour, POV will have 800 feet of additional wharf in service by October 2018.

Mr. Ruddy reported the south rail bundle is complete and will be delivered to operations in June and that work on the north bundle will begin soon. He provided an aerial photo of the rail yard, STS (ship-to-shore) crane construction, and an overview of the entire VIG II expansion.

Next, Mr. Ruddy described the work being done at South NIT, providing an aerial photo showing the 33-acre construction site for Phase I, the rail curb rebar, and waterside transfer zone. He concluded with timelines of 2018 milestones and the three-year horizon and noted the dates for SNIT and VIG II stacks coming online (copies attached).

#### **IV. Report by Chief Human Resources Officer – James Bibbs**

Mr. Bibbs announced that POV's summer internship program will begin on June 4<sup>th</sup> through July 27<sup>th</sup> (8 week program) and includes 12 interns. Mr. Bibbs described the 12-week on-the-job training program for crane maintenance interns that began May 14<sup>th</sup>. He announced that POV has partnered with Tidewater Community College and that five interns will be selected out of the 10 applicants.

Mr. Bibbs reported that POV recently received V3 Certification from the Veterans Administration as a Virginia Values Veterans recognized company which supports the hiring of veterans. He announced that POV is targeted to hire at least six veterans next fiscal year out of the budgeted headcount.

Mr. Bibbs described the SmartDollar financial wellness program that currently has 173 employees enrolled with an average participant financial turnaround of \$4,839. He explained that a third party vendor confidentially provides assistance to employees on money management. Mr. Moret expressed interest in the program and asked for additional information from Mr. Bibbs after the meeting. Ms. Power asked when the results of the

employee engagement survey would become available. Mr. Bibbs advised that the Senior Leadership Team would receive information from the consultants by next week and staff will provide an overview to the Board at the July meeting. Mr. Reinhart requested that Mr. Bibbs prepare briefing information to the Board prior to that meeting.

Mr. Bibbs announced that 95% of POV colleagues participated in the annual Engagement Survey. He also reported that 30 digital monitors have been stationed throughout POV offices/terminals in order to provide better communication for colleagues.

Mr. Bibbs then reviewed recruitment metrics and total hires for 2018, attrition rate (total YTD 5.11%), and training metrics (college reimbursement data) for HRCPII, VPA, and VIT.

**V. Report by Chief Public Affairs Officer – Cathie Vick**

Ms. Vick announced breaking news that the Senate Environmental Public Works Substitute was released and voted on this morning which includes not only the Norfolk Harbor Channel Deepening and Widening to 1300 feet on the east side, as an expedited report which is due June 29<sup>th</sup>, but it also includes authorization for the widening to 1400 feet on the west side (see TSP Norfolk Harbor map attached).

Ms. Vick reported that the House Transportation Infrastructure bill was released on Friday and they are working through their mark-up. She added that POV anticipates similar good news as in the Senate bill and that the work plan is due to be released this week on the Omnibus Bill (\$780 million received by Army Corps). Ms. Vick said the Hampton Roads Delegation has been working diligently to get Craney Island included in the work plan.

Ms. Vick reported the Southern Branch deepening was on track to be included in the Chief's report for December which is not tracking with the Norfolk Harbor Channel. Because there have been no new authorizations needed, they decided to treat that project as a Limited Reevaluation Report (LRR) which expedites the process. Ms. Vick said the Corps is now looking to have that completed as a Director's Report on June 29<sup>th</sup>, concurrently with the Chief's Report, which will allow POV to begin the Preliminary Engineering and Design (PED) with the \$20 million that the State has allocated as soon as the budget is passed. She reported that POV had already submitted the Request for Proposals (RFP) for the PED work and just received the bids in order to get started by July 1.

Regarding the latest Virginia General Assembly news, Ms. Vick announced that the Senate has now included the full authorization for bonds (\$330 million) for the construction of the Norfolk Harbor Channel widening and deepening.

Ms. Vick presented a photo of Mr. Reinhart presenting POV's Annual Report to the Richmond City Council. She noted that, after today's meeting, the Board would be touring speculative development along the I-95 Commerce Corridor and Richmond Marine Terminal. Ms. Vick announced that there are additional presentations planned for other port-host communities in May and June.

Ms. Vick announced economic development news for FY18 year-to-date as follows:

- 42 Announcements
- Created 4,347 jobs
- More than 2.5 million square feet of space
- Invested more than \$1.3 billion

Since last Board meeting:

- 10 Announcements
- Created 360 jobs
- Over 500,000 square feet of space
- Invested over \$68 million

Ms. Vick announced that POV received recertification and upgraded to the 2015 standard for ISO14001. She noted that The Port of Virginia is the only port in the U.S. to have our entire organization under one environmental umbrella. Ms. Vick reported that the ISO14001 audit was in April and she mentioned that the auditor commented on this having been the best audit to date for our terminals. There was only one minor non-conformity that involved purchase orders not including environmental processes, which was corrected within the 90-day timeframe.

Ms. Vick reported that the PMT maintenance dredging project was completed in May and a contract was awarded to Norfolk Dredging for the NIT South Channel widening (Phase I) which will provide 13,000 TEU vessels safe entrance and turning basin. That project will be completed in September, after the dredging project at Naval Station, Norfolk.

Ms. Vick announced that POV was the first port to receive Regional Surface Transportation Program funds for repairs at Richmond Marine Terminal. The Richmond Transportation Planning Organization awarded \$4.5 million to POV for two projects. The first \$2 million project is for fender and wharf repairs and some paving (completion scheduled in October) and \$2.5 million to extend the gate canopy, separate security from labor partners doing the checking, and adding another lane and scale, which will alleviate congestion. Ms. Vick pointed out the drop lot location on the aerial that will allow trucks to pick up and drop off containers outside of gate hours. She added that RFID technology will also be added after the new automated gate is installed.

Ms. Vick reported that the Maritime Incidence Response Team (MIRT) and Emergency Operations conducted a fire-fighting exercise last week and a table-top exercise which focused on recovery from a Category 3 Hurricane.

In conclusion, Ms. Vick presented photos of POV colleagues and family members at the Spring Family Festival held at VIG on May 4<sup>th</sup>.

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

Mr. Reinhart remarked that the port is going from rendering to reality and working the plan. He thanked Mr. Moret for hosting the meeting at VEDP and he spoke of the collaboration between VPA and VEDP to bring more economic development to the Commonwealth.

In summary, Mr. Reinhart briefly reviewed the important issues that were discussed during the meeting today. He thanked the Board for their continued support, direction, and advice and he said that we still have a long way to go to satisfy our partners and the motor carriers, coordinating with VMA.

**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 Commissioners and POV staff would be boarding the bus for the tour of Richmond's I-95 Commerce Corridor and Richmond Marine Terminal.

At this time, Ms. Marilyn Ryan requested permission from Chairman Milliken to address the Board. **A transcript of Ms. Ryan's comments is attached.**

After Ms. Ryan spoke, Chairman Milliken announced that, on behalf of the entire board, he sympathized with Ms. Ryan's concerns and those of the motor carrier community. He urged her and the trucking community, along with the Virginia Maritime Association, to continue their dialogue with POV colleagues and board members and provide feedback. Chairman Milliken stated that everyone around the board table is focused on the issues of congestion at the terminals.

Chairman Milliken asked Mr. Reinhart to consult with the motor carrier community and provide the Board with an update on how we are providing full transparency to the trucking community.

Mr. White stated that some of the problems associated with N4 are not limited to the trucking community and he advised that VMA has collected some information and will provide feedback to the Board.

Mr. Olsen mentioned that Mr. Ruddy and Mr. Tibbetts visited ODU's Maritime Institute to determine how their modeling system can assist with N4 training and he also noted that ODU is also working with Tidewater Motor Truck Association (TMTA). Mr. Reinhart reported that POV and ODU would be signing a memorandum of understanding relating to N4 NAVIS training on Wednesday, May 23<sup>rd</sup>.

Mr. Moret spoke of the collaboration between POV and VEDP and that he and Mr. Reinhart each serve on both boards.

Chairman Milliken confirmed with Ms. McNulty that the November board meeting date 'was incorrect on the agenda. The Board meeting date is Wednesday, November 14<sup>th</sup>.

There being no further business and no public comments, the meeting adjourned at 11:15 a.m.

Respectfully submitted,

  
Debra J. McNulty  
Secretary to the Board

According to the VPA Bylaws, regular meetings of the VPA Board shall be held on the fourth Tuesday of January, March, May, July (annual meeting), September and November, unless otherwise previously agreed upon by the Board (start times scheduled for 9:00 a.m.).

**The remainder of the 2018 schedule is as follows:**

July 24 (World Trade Center, Norfolk)

September 25

November 14 (Wednesday) Rescheduled from November 27

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



# AID TO LOCAL PORTS FY19

## AID TO LOCAL PORTS FY19

City	Total Project Cost	Amount Requested	Proposed Allocation-	Carryover Request
Accomack- Greenbackville Harbor Phase III	\$260,000.00	\$195,000.00	\$97,500.00	\$300,000.00
Accomack-Quinby Harbor Bulkhead	\$220,000.00	\$165,000.00	\$82,500.00	
Cape Charles-Installation of 4 <sup>th</sup> breakwater	\$875,000.00	\$428,750.00		\$227,501.40
Chesapeake-Fendering system for Gilmerton Bridge	\$2,400,000.00	\$400,000.00		
Chincoteague-Floating finger piers (Curtis Merritt Harbor of Refuge)	\$125,000.00	\$93,750.00	\$93,750.00	
Hampton*				\$50,000.00
Isle of Wight – Jones Creek Boat Ramp	\$200,000.00	\$150,000.00		
Newport News- SIP East Bulkhead refurbishment & improvements to North travelway	\$885,374.00	\$664,031.00	\$332,016.00	\$136,380.29
Norfolk* (Elizabeth River Trail)				\$82,500.00
Norfolk* (Nauticus)				\$47,252.00
Northampton- Dredging (Willis Wharf)	\$401,861.00	\$241,815.80	\$140,138.00	\$59,580.20
Onancock-Wharf Area Improvements	\$193,546.00	\$145,159.50	\$145,159.00	\$105,161.00
Poquoson*				\$202,125.00
Portsmouth- Paradise Creek Nature Park	\$50,000.00	\$37,500.00	\$37,500.00	
Portsmouth*-Portside				\$109,650.00
Richmond* Intermediate Terminal				\$81,848.00
Saxis*				\$117,513.00
Smithfield-Clontz Park boat ramp	\$75,250.00	\$56,437.50	\$56,437.00	
Tangier*				\$57,925.00
Wachapreage- Marina repairs	\$20,000.00	\$15,000.00	\$15,000.00	\$38,000.00
Totals	\$5,706,031.00	\$2,592,443.80	\$1,000,000.00	\$1,615,435.89 2

# NEW ALP PROJECTS FY19

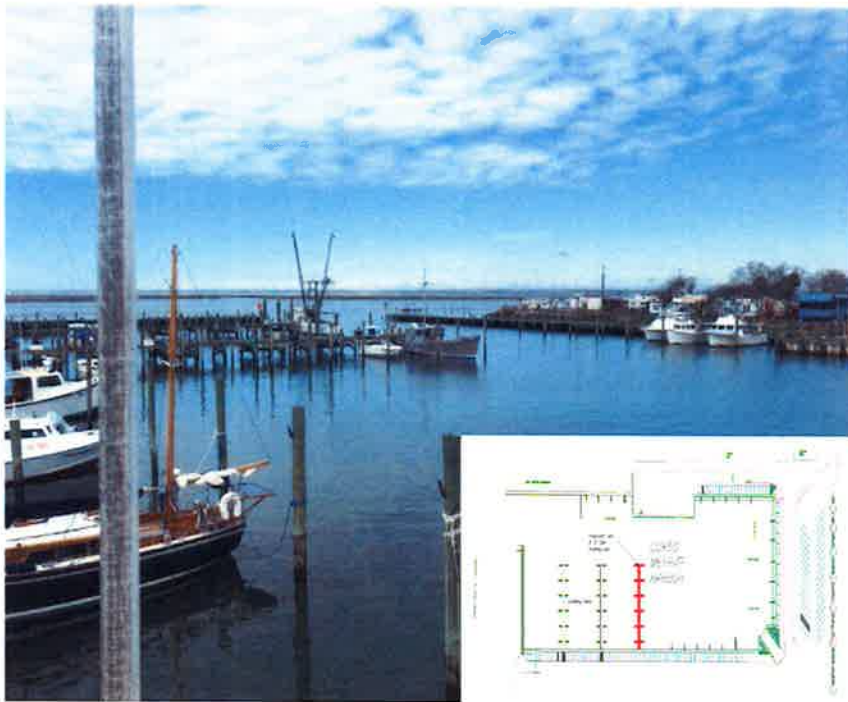


THE PORT OF  
VIRGINIA

Stewards of Tomorrow

# FY19 NEW ALP PROJECTS

Chincoteague- Floating Finger Pier



Onancock- Wharf Area Improvements





# COMPLETED ALP PROJECT- NEWPORT NEWS SEAFOOD INDUSTRIAL PARK



THE PORT OF  
**VIRGINIA**

*Stewards of Tomorrow*

# COMPLETED ALP PROJECT-NORTHAMPTON COUNTY-MORLEY'S WHARF



THE PORT OF  
VIRGINIA

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**VIRGINIA PORT AUTHORITY  
RESOLUTION 18-4**

**A RESOLUTION AUTHORIZING AID TO LOCAL PORTS FUNDING (FY19) TOTALING AN ESTIMATED \$1,000,000 to the City of Newport News, City of Portsmouth, County of Accomack, County of Northampton, Town of Chincoteague, Town of Onancock, Town of Smithfield, and the Town of Wachapreague.**

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

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

**WHEREAS**, in accordance with the Aid to Local Ports Policy, the following entities have applied for grants for the purposes indicated:

**City of Newport News**, up to \$332,016 for repairs and modifications to the southern portion of the east bulkhead at the Newport News Seafood Industrial Park.

**City of Portsmouth**, up to \$37,500 for construction of activity equipment and safety enhancements at Paradise Creek Nature Park.

**County of Accomack**, up to \$97,500 for repairs and maintenance to Greenbackville Harbor and up to \$82,500 for replacement of the bulkhead at Quinby Harbor.

**County of Northampton**, up to \$140,138 for dredging at Willis Wharf.

**Town of Chincoteague**, up to \$93,750 for the construction of a floating pier at Curtis Merritt Harbor.

**Town of Onancock**, up to \$145,159 for wharf and miscellaneous improvements to the town's marina.

**Town of Smithfield**, up to \$56,437 for the construction of a publicly accessible boat ramp at Clontz Park.

**Town of Wachapreague**, up to \$15,000 for dock repairs at the town's marina.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Virginia Port Authority that:

- I. Grants will be made in the individual amounts and for the purposes indicated above.

2. Funds will be made available following the approval of certified requisitions which are accompanied by supporting documentation provided to the Virginia Port Authority as provided for in the Aid to Local Ports Policy.
3. The grantees are required to return any unused funds from these grants to the Virginia Port Authority.
4. If, by June 30, 2019, the grants authorized herein have not been fully drawn upon, or the contracts covering the improvements for which the grants were made have not been entered into, the grants will lapse and will not be carried over to the next fiscal year, without prior approval of the Virginia Port Authority Board of Commissioners.

**BE IT FURTHER RESOLVED**, that the amounts to be carried over are approved as follows:

The City of Hampton requests to carryover until June 30, 2019, its previous balance estimated to be \$50,000.

The City of Newport News requests to carryover until June 30, 2019, its previous balance estimated to be \$136,380.

The City of Norfolk requests to carryover until June 30, 2019, its previous balance estimated to be \$82,500 for the Elizabeth River Trail and \$47,252 for Nauticus.

The City of Poquoson requests to carryover until June 30, 2019, its previous balance estimated to be \$202,125.

The City of Portsmouth requests to carryover until June 30, 2019, its previous balance estimated to be \$109,650.

The City of Richmond requests to carryover until June 30, 2019, its previous balance estimated to be \$81,848.

The County of Accomack requests to carryover until June 30, 2019, its previous balance estimated to be \$300,000.

The County of Northampton requests to carryover until June 30, 2019, its previous balance estimated to be \$59,580.

The Town of Cape Charles requests to carryover until June 30, 2019, its previous balance estimated to be \$227,501.

The Town of Onancock requests to carryover until June 30, 2019, its previous balance estimated to be \$105,161.



The Town of Saxis requests to carryover until June 30, 2019, its previous balance estimated to be \$117,513.

The Town of Tangier requests to carryover until June 30, 2019, its previous balance estimated to be \$57,925.

The Town of Wachapreague requests to carryover until June 30, 2019, its previous balance estimated to be \$38,000.

**PASSED AND ADOPTED** this 22<sup>nd</sup> day of May, 2018.

  
John G. Milliken, Chairman

Attest:

  
Debra J. McNulty, Secretary

City	Total Project Cost	Amount Requested	Proposed Allocation	Carryover Request
Accomack-Greenbackville Harbor Phase III	\$260,000.00	\$195,000.00	\$97,500.00	\$300,000.00
Accomack-Quinby Harbor Bulkhead	\$220,000.00	\$165,000.00	\$82,500.00	
Cape Charles-Installation of 4 <sup>th</sup> breakwater	\$875,000.00	\$428,750.00		\$227,501.40
Chesapeake-Fendering system for Gilmerton Bridge	\$2,400,000.00	\$400,000.00		
Chincoteague-Floating finger piers (Curtis Merritt Harbor of Refuge)	\$125,000.00	\$93,750.00	\$93,750.00	
Hampton*				\$50,000.00
Isle of Wight – Jones Creek Boat Ramp	\$200,000.00	\$150,000.00		
Newport News- SIP East Bulkhead refurbishment & improvements to North travelway	\$885,374.00	\$664,031.00	\$332,016.00	\$136,380.29
Norfolk* (Elizabeth River Trail)				\$82,500.00
Norfolk* (Nauticus)				\$47,252.00
Northampton-Dredging (Willis Wharf)	\$401,861.00	\$241,815.80	\$140,138.00	\$59,580.20
Onancock-Wharf Area Improvements	\$193,546.00	\$145,159.50	\$145,159.00	\$105,161.00
Poquoson*				\$202,125.00
Portsmouth-Paradise Creek Nature Park	\$50,000.00	\$37,500.00	\$37,500.00	
Portsmouth*-Portside				\$109,650.00
Richmond* Intermediate Terminal				\$81,848.00
Saxis*				\$117,513.00
Smithfield-Clontz Park boat ramp	\$75,250.00	\$56,437.50	\$56,437.00	

Tangier*				\$57,925.00
Wachapreage-Marina repairs	\$20,000.00	\$15,000.00	\$15,000.00	\$38,000.00
Totals	\$5,706,031.00	\$2,592,443.80	\$1,000,000.00	\$1,615,435.89

\*indicates carryover request only

### **Accomack County**

Project: Greenbackville Harbor Phase III

Summary: The wooden docks that serve the boat slips on the north and northwest sides are currently in need of replacement and are over 30 years old. Work would also include electrical service to the facility. Docks and slips serve commercial watermen, charter boat captains, and others who contribute to the local economy. These improvements would allow for a 30% increase in slip rentals.

Timeline: The current phase of the project is nearly complete. The county will have the remaining portion of the project completed as soon as possible.

Total Project Cost: \$260,000

Requested Amount: \$195,000

Proposed Allocation: **\$97,500**

Estimated Carryover: \$300,000

Project: Phase IV Quinby Harbor Bulkhead Replacement & Drainage Improvements

Summary: Dredging of the main channel and harbor entrance were completed under the management of the USACE. Quinby Harbor has substantial commercial activity in aquaculture and fin fishing. The County completed an \$82,000 emergency repair to the bulkhead in FY16/17 due to tie back failures.

Timeline: Fiscal year 2019

Total Project Cost: \$220,000

Requested Amount: \$165,000

Proposed Allocation: **\$82,500**

### **Cape Charles**

Project: Construction of 4<sup>th</sup> breakwater

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**Summary:** Cape Charles would like to construct a fourth off-shore breakwater. The installation of this breakwater will improve conditions in the harbor and will enable growth of commercial activity to include commercial fishing, recreational boating, yacht and vessel maintenance and repair, and shipping of bulk and finished products.

**Timeline:** Construction plans completed September 2018. Bidding and contract award in October 2018.

**Total Project Cost:** \$875,000

**Requested Amount:** \$428,750

**Proposed Allocation:** \$0

**Estimated Carryover:** \$227,501.40

### **Chesapeake**

**Project:** Fendering system – Gilmerton Bridge

**Summary:** The City of Chesapeake is requesting funding to install a dolphin/fendering system at the Gilmerton Bridge crossing on the Southern Branch of the Elizabeth River. Currently large vessels are unable to navigate under the bridge due to a narrow channel. The new fendering system will allow larger vessels to safely navigate the bridge crossing w/o inflicting damage to the bridge supports.

**Timeline:** 15-18 months

**Total Project Cost:** \$2.4M

**Requested Amount:** \$400,000

**Proposed Allocation:** \$0

### **Chincoteague**

**Project:** Floating Pier – Curtis Merritt Harbor of Refuge

**Summary:** The Town of Chincoteague is requesting funding for the construction of a floating finger pier. This project is in response to the high demand for moorings and use of the harbor. There are currently 100 parties on the waiting list to receive mooring at the Harbor. The additional slips will add approximately \$24,000 in rental fees to the Harbor's revenue. This project is being proposed in lieu of other maintenance projects that are also needed at the Harbor because unlike the other projects, it will create necessary, direct revenue that can be used to help fund maintenance work and future projects.

**Timeline:** September 2018 – December 2018

**Total Project Cost:** \$125,000

**Requested Amount:** \$93,750

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Proposed Allocation: \$93,750

**Isle of Wight**

Project: Jones Creek Boat Ramp

Summary: Isle of Wight is requesting funds for improvements to the pier at the public boat ramp to include the replacement of rotting pilings and loose boards. This is one of the few public fishing/boat launches in Isle of Wight County and the community and surrounding areas depend on this boat ramp and fishing pier.

Timeline: July 9, 2018 – July 30 2018

Total Project Cost: \$200,000

Requested Amount: \$150,000

Proposed Allocation: \$0

**Newport News**

Project: Seafood Industrial Park (SIP) East Bulkhead Refurbishments & Boatyard Modifications

Summary: The City is seeking to refurbish the concrete bulkhead and modify several areas along the southern portion of the East Bulkhead. This modification will allow the park to continue to be one of the Commonwealth's largest commercial ocean-fishing ports. The project area also contains two travelways used to position vessels for removal from the water by a gantry style crane for dry-dock repairs and maintenance. Both travelway parcels are leased to Fairlead Boatworks. Fairlead's existing 250-ton travelift operating on the southern boatyard can no longer accommodate many of the park's fishing vessels and tugboats. Fairlead has located a 485-ton lift that can operate on the southern parcel where they are currently constrained to 250 tons. Fairlead is committed to purchasing the 485-ton lift, making capital improvements to the northern yard, and relocating the 250-ton lift to their leased parcel to the north. The City is seeking to modify the concrete approach of the North travelway and independent bollards at both boatyards. This piece of the project would increase capacity at the SIP and result in additional jobs with two operating boatyards.

Timeline: August 2018 – February 2019

Total Project Cost: \$885,374

Requested Amount: \$664,031

Proposed Allocation: \$332,016

Estimated Carryover: \$136,380.29

**Northampton**

Project: Dredging

Summary: Northampton is seeking funds to dredge the harbor at Willis Wharf. Willis Wharf provides much-needed workboat mooring and small vessel launching facilities to the aquaculture industry. This manmade harbor does not naturally flush out silt with the tide which leaves little to no water at low tide in the harbor. In addition, half of the 50 slip marina is unusable at low tide making it difficult for aquaculture operations.

Timeline: Site work expected to occur in the summer of 2018. Dredging is anticipated to occur in the fall of 2018.

Total Project Cost: \$401,861

Requested Amount: \$241,815.80

Proposed Allocation: \$140,138

Estimated Carryover: \$59,580.20 (Funds were reallocated from Willis Wharf to the Morley's Wharf Dock Replacement project)

**Onancock**

Project: Wharf Area Improvements

Summary: The town requests funding for wharf and marina improvements to include: repair and resurface the surrounding parking area; repairs to a small boat launch ramp; electrical upgrades and improvements for the completion of the newly installed floating docks. The marina is used by area residents and visiting boaters. While there are other Accomack County boat ramps with bay access, none have fuel and retail services available.

Timeline: Wharf, parking lot, and boat ramp repairs to begin in October 2018 – complete within 45 days.

Total Project Cost: \$193,546

Requested Amount: \$145,159.50

Proposed Allocation: \$145,159

Estimated Carryover: \$105,161

**Portsmouth – Elizabeth River Project**

Project: Paradise Creek Nature Park enhancements

Summary: Safety enhancements and landscaping are proposed to enhance security. Needs range from lighting, cameras, gating and other strategic barriers, signage, and clearing of undergrowth/replanting. In addition, ERP is proposing activity equipment in the shape of a ship to add to the park's unique maritime playground.

Timeline: Project complete by February 2019.

Total Project Cost: \$50,000

Requested Amount: \$37,500

Proposed Allocation: **\$37,500**

**Smithfield**

Project: Clontz Park boat ramp

Summary: The town is seeking funds to assist in the construction of a publicly accessible boat ramp for saltwater fishing residents and visitors. The park currently has a fishing pier, gazebo, riverfront boardwalk, picnic tables, and expansive lawn area open to the public. Access will play an important role in growing the local economy through additional boating activity and tourism. The total project cost is \$647,000. Smithfield received a grant from the Virginia Marine Resources Commission in the amount of \$410,000 and are requesting \$75,250 in ALP funds. The town will contribute the remainder of the funds.

Timeline: November 2018 – March 2019

Total Project Cost: \$75,250

Requested Amount: \$56,437.50

Proposed Allocation: **\$56,437**

**Wachapreague**

Project: Marina Repairs

Summary: Funds will be used to replace substantial sections of breakwater boards and support beams. The project will ensure the safety and continued operation of the facility.

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Timeline: July 1, 2018 - December 31, 2018.

Total Project Cost: \$20,000

Requested Amount: \$15,000

Proposed Allocation: \$15,000

Estimated Carryover: 38,000





VIRGINIA PORT AUTHORITY

600 WORLD TRADE CENTER, NORFOLK, VA 23510

(757) 683-8000

## MEMORANDUM OF BOARD ACTION

**To:** Virginia Port Authority Board of Commissioners  
**From:** John Milliken, Chairman of the Board of Commissioners  
Blair Wimbush, Chairman of the Finance and Audit Committee  
**Date:** May 22, 2018  
**Subject:** Action taken pursuant to Bylaws Section 3.4.1: The Executive Director's authority, to execute contracts for the Financial System Integrator

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### Legal Authority:

The Virginia Port Authority (the "Authority"), a body corporate and a political subdivision of the Commonwealth of Virginia, was established pursuant to Chapter 10, Title 62.1 of the Code of Virginia of 1950, as amended (the "Act"). Pursuant to the Act, the Authority is empowered to rent, lease, buy, own, acquire, construct, reconstruct and dispose of harbors, seaports, port facilities and such property, whether real or personal, as it may find necessary or convenient.

Section 3.4.1 of the Authority's Bylaws states that upon obtaining prior written approval by the Chairman of the Board and the Chairman of the Finance and Audit Committee, the Executive Director may enter into a contract, agreement or arrangement on the Authority's behalf in excess of \$2,500,000.

### Action(s) Taken:

- The Authority issued a Request for Proposals ("RFP") for system integrator professional services to support the successful implementation of the licensed PeopleSoft modules for the port entities. Upon evaluation of the proposals submitted in response to the RFP, the Authority determined that the proposal of the Business and Technology Resource Group ("BTRG") represented the best value based upon the criteria in the RFP.
- The contract with BTRG provides for an aggregate contract value, not to exceed, \$5,500,000 for the implementation of the applicable modules, applicable travel and expenses and a time and materials arrangement to perform studies of the services required for Human Resources and Payroll functionality. Funding for this project was previously approved by the Board of Commissioners in the Capital Budgets for Fiscal Year 2017 and 2018.
- On April 30, 2018, pursuant to the Authority's Bylaws, Section 3.4.1, the Executive Director requested the written approval of the Chairman of the Board and the Chairman of the Finance and Audit Committee to authorize the Executive Director to approve, execute and deliver the contract for financial system integrator professional services and such additional documents and certificates as are necessary and proper in furtherance of the contract. The written consent of the Chairman of the Board and the Chairman of the Finance and Audit Committee was granted. See *attached* communications granting authorization.

**Conclusion:**

- Pursuant to Section 3.4.1 of the Authority's Bylaws, upon obtaining the written approval on April 30, 2018 of the Chairman of the Board and the Chairman of the Finance and Audit Committee, the contract for financial system integrator professional services and such additional documents and certificates as are necessary and proper in furtherance of the contract with BTRG is authorized.



VIRGINIA PORT AUTHORITY

600 WORLD TRADE CENTER, NORFOLK, VA 23510

(757) 683-8000

April 30, 2018

*Via Hand Delivery*

John G. Milliken  
Chairman  
Virginia Port Authority Board of Commissioners

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

**Re: Authorization Requested Pursuant to Bylaws Section 3.4.1: BTRG Financial Integrator**

Dear Chairmen,

The Virginia Port Authority ("VPA") issued a Request for Proposals ("RFP") for system integrator professional services to support the successful implementation of the licensed PeopleSoft modules for the port entities. Upon evaluation of the proposals submitted in response to the RFP, the VPA determined that the proposal of the Business and Technology Resource Group (BTRG) represented the best value to the VPA according to the criteria in the RFP. The contract with BTRG provides for an aggregate contract value, not to exceed, \$5,500,000 for the implementation of the applicable modules, applicable travel and expenses and a time and materials arrangement to perform requirements study services for Human Resources and Payroll functionality.

Given the value of the BTRG contract, and pursuant to section 3.4.1 of the Virginia Port Authority Bylaws, I request your authorization to approve, execute and deliver the contract for financial system integrator professional services and such additional documents and certificates as are necessary and proper in furtherance of the amended contract with Contractor. If your authorization is granted, a Memorandum of Board Action will be prepared for the May board meeting detailing this authorization.

Sincerely,

John F. Reinhart  
CEO and Executive Director

SEEN AND AGREED this 30<sup>th</sup> day of April, 2018

John G. Milliken  
Chairman  
VPA Board of Commissioners

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

**RESOLUTION 18-5**

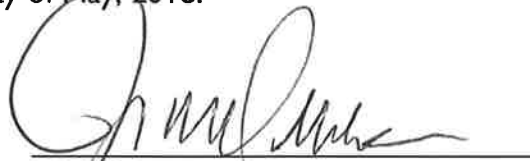
**APPROVING VIRGINIA PORT AUTHORITY'S  
CONSOLIDATED ANNUAL BUDGET FOR FISCAL  
YEAR ENDING JUNE 30, 2019**

**WHEREAS**, the Chief Financial Officer of the Virginia Port Authority (the "Authority") has proposed the annual consolidated budget for the Authority for Fiscal Year Ending June 30, 2019 and has submitted same to the Board of Commissioners (the "Board") of the Authority; and

**WHEREAS**, the Chief Financial Officer has also made available to the Board such other information as the Board has reasonably requested in connection with the preparation of such annual budget.

**NOW, THEREFORE, BE IT RESOLVED** that the Board does hereby approve the Authority's annual consolidated budget for Fiscal Year Ending June 30, 2019.

**PASSED AND ADOPTED** this 22<sup>nd</sup> day of May, 2018.

  
John G. Milliken  
Chairman

Attest:

  
Debra J. McNulty  
Secretary

**VIRGINIA PORT AUTHORITY  
RESOLUTION 18-6**

**SERIES RESOLUTION SUPPLEMENTING RESOLUTION 02-4 OF  
THE VIRGINIA PORT AUTHORITY AND AUTHORIZING THE  
ISSUANCE OF UP TO \$63,000,000 OF THE AUTHORITY'S  
COMMONWEALTH PORT FUND REVENUE REFUNDING BONDS  
TAXABLE SERIES 2018 AND RELATED MATTERS.**

The Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") adopted Resolution No. 02-4 on May 28, 2002 (as previously amended and supplemented, the "Bond Resolution"), which in Section 2.10 permits upon adoption of a Series Resolution by the Board the issuance of Refunding Bonds of the Authority for the purpose of providing funds to refund bonds previously issued and paying related costs of issuance.

By Resolution No. 11-5 adopted on May 24, 2011, the Board authorized the issuance of the Authority's \$57,370,000 Commonwealth Port Fund Revenue Bonds, Series 2011 (Non-AMT), the proceeds of which were used to pay certain costs related to the Craney Island Eastward Expansion.

The Authority now wishes to issue one or more series of bonds (the "Series 2018 Bonds") to refund the callable maturities of the Series 2011 Bonds (the "Refunded 2011 Bonds") to achieve annual debt service savings.

As the actual terms of the Series 2018 Bonds cannot be determined until the time the Authority enters the market due to changing market conditions, the Board has determined as permitted by the Bond Resolution that it is necessary to delegate to the Executive Director the power to approve the issuance of the Series 2018 Bonds and the details thereof to effect the refunding and redemption of the Refunded 2011 Bonds, subject to the Financing Conditions herein set forth, by the execution and delivery of one or more certificates of the Executive Director which in accordance with the Bond Resolution shall be deemed to be part of this Series Resolution.

The Board has also determined as permitted by the Bond Resolution to delegate to the Executive Director the authority to approve the form and content of any preliminary official statement, final official statement, continuing disclosure agreement, bond purchase agreement, escrow deposit agreement and any other documents deemed necessary by the Authority's bond counsel to provide for the marketing and consummation of the issuance and sale of the Series 2018 Bonds (collectively, the "Financing Documents.")

The issuance and sale of the Series 2018 Bonds on the terms contemplated by this Series Resolution are in conformity with the Bond Resolution, purposes of the Authority set forth in the Act, and are in the public interest and otherwise beneficial to the Commonwealth of Virginia.

**NOW THEREFORE IT IS RESOLVED** by the Board of Commissioners of Virginia Port Authority, as follows:

Section I. Authorization of Bonds. (a) The Authority is authorized to issue the Series 2018 Bonds on a taxable basis, in one or more series, pursuant to the Bond Resolution, as determined by the Executive Director, for the purpose of providing funds, with other funds as may be available therefor, to refund the Refunded 2011 Bonds subject, however, to the terms of this Series Resolution and the following conditions (the "Financing Conditions"):

(i) The aggregate principal amount of the Series 2018 Bonds shall not exceed \$63,000,000;

(ii) If issued in more than one series, the Series 2018 Bonds shall be appropriately designated to differentiate one series from another;

(iii) The final maturity of any series of the Series 2018 Bonds shall not be later than the final maturity of the Refunded 2011 Bonds; and

(iv) Issuance of the Series 2018 Bonds shall produce aggregate net present value savings of at least 3.0% of the principal amount of the Refunded 2011 Bonds, with such savings being confirmed by the Authority's financial advisor (the "Financial Advisor").

(b) The Series 2018 Bonds will be issued in fully registered form and may be sold in a public offering or private placement. Any such issuance of Series 2018 Bonds issued in a public sale shall be registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("DTC"), and immobilized in the custody of or on behalf of DTC. One fully registered Series 2018 Bond for the original principal amount of each maturity will be registered to Cede & Co. Unless issued in a private placement, beneficial owners will not receive physical delivery of the Series 2018 Bonds. Unless issued in a private placement, individual purchases of the Series 2018 Bonds may be made in book-entry form only in original principal amounts of \$5,000 and integral multiples of \$5,000.

Unless issued in a private placement, payments of the principal of and premium, if any, and interest on the Series 2018 Bonds will be made to DTC or its nominee as registered owner of the Series 2018 Bonds on the applicable payment date.

So long as Cede & Co., or its successor, as nominee of DTC, is the registered owner of the Series 2018 Bonds, references in the Bond Resolution or this Series Resolution to the holders of the Series 2018 Bonds mean Cede & Co and do not mean the beneficial owners of the Series 2018 Bonds.

Replacement Series 2018 Bonds (the "Replacement Bonds") will be issued directly to beneficial owners of the Series 2018 Bonds rather than to DTC, or its nominee, but only in the event that:

(1) DTC determines not to continue to act as securities depository for the Series 2018 Bonds;

(2) The Authority has advised DTC of its determination that DTC is incapable of discharging its duties;

(3) The Authority has determined that it is in the best interests of the beneficial owners of the Series 2018 Bonds not to continue the book-entry system of transfer; or

(4) the Series 2018 Bonds being replaced were originally issued in a private placement.

Upon occurrence of the events described in clause (1) or (2), the Authority will attempt to locate another qualified securities depository. If DTC makes the determination described in clause (1) and the Authority fails to locate another qualified securities depository to replace DTC, the Authority will execute and the Trustee will authenticate and deliver to the Participants (as defined in the Official Statement) the Replacement Bonds to which the Participants are entitled. In the event the Authority makes the determination described in clause (2) or (3) (the Authority undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Authority to make any such determination) and, in the case of the determination under clause (2), the Authority has failed to locate another qualified securities depository and has made provision to notify the beneficial owners of the Bonds by mailing an appropriate notice to DTC, the Authority will execute and the Trustee will authenticate and deliver to the Participants the appropriate Replacement Bonds to which the Participants are entitled. The Trustee is entitled to rely on the records provided by DTC as to the Participants entitled to receive Replacement Bonds.

The Series 2018 Bonds will be issued substantially in the form set forth in Section 2.02 of Bond Resolution, with appropriate variations, omissions and insertions as permitted or required by the Bond Resolution, this Series Resolution and any certificate of the Executive Director deemed a part hereof. There may be endorsed on the Series 2018 Bonds such legend or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirements of law.

(c) Subject to the Financing Conditions, the Series 2018 Bonds shall be issued in such principal amount; shall be dated a date that is on or before the date of their delivery; shall be Current Interest Bonds and shall be Serial Bonds and/or Term Bonds; shall mature, subject to mandatory sinking fund redemption with such Amortization Requirements and to the right of prior redemption (if any) in accordance with Section 2 hereof; and shall bear interest payable on January 1 and July 1 in each year commencing on such date, at such rates per annum, as may be determined by a certificate of the Executive Director delivered at the Closing.

(d) If any issue of the Series 2018 Bonds are offered in a public offering, the Authority delegates to the Executive Director the authority to appoint the underwriting syndicate for such series of the Series 2018 Bonds to be offered at public sale, and to designate the senior manager and co-senior manager, if any, of such underwriting syndicate.

(e) The Authority delegates to the Executive Director the authority to appoint the Trustee, Bond Registrar and Paying Agent for the Series 2018 Bonds.

Section 2. Optional Redemption. The Series 2018 Bonds may be subject to the right of prior redemption at the option of the Authority upon such terms as the Executive Director shall determine with the advice of the Financial Advisor.

Section 3. Terms of Purchase; Approval of Bond Purchase Agreement. The Executive Director is hereby authorized, subject to the prior approval of the Treasury Board as set forth in Section 12 herein, if the Financial Advisor shall so recommend, to accept an offer of the underwriters in a public offering or an offer of an institutional buyer in a private placement, in the form of a Bond Purchase Agreement, to purchase the Series 2018 Bonds at the price stated therein. The Executive Director's execution and delivery of the Bond Purchase Agreement shall constitute conclusive evidence of his acceptance of the purchase price of the Series 2018 Bonds and his approval of the form and content of the Bond Purchase Agreement.

Section 4. Approval of Official Statement. In any public offering of the Series 2018 Bonds, the form and content of the Preliminary Official Statement shall be approved by the Executive Director. Subject to the approval of its form and content by the Executive Director, the use and distribution by the underwriters selected by the Executive Director of the Preliminary Official Statement in connection with the offering of the Series 2018 Bonds, prior to the availability of the Official Statement, are hereby authorized. The Executive Director is hereby authorized to deem the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, and the distribution of such Preliminary Official Statement shall be conclusive evidence that the Authority has deemed such Preliminary Official Statement final. The Chairman or Vice Chairman of the Board and the Executive Director of the Authority are hereby authorized and directed to execute and deliver to the underwriters for their use and distribution in making a public offering of the Series 2018 Bonds (but only upon the terms and conditions set forth herein and in the Bond Purchase Agreement applicable thereto) a final Official Statement, together with any amendment or supplement to such final Official Statement as may be necessary to comply with the Bond Purchase Agreement, which in the case of such final Official Statement shall be substantially in the form of the Preliminary Official Statement approved by the Executive Director, with such changes, insertions and omissions as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve, and which in the case of any such amendment or supplement shall be in such form as the Chairman or Vice Chairman of the Board and the Executive Director of the Authority may approve. The execution and delivery by the Chairman or Vice Chairman and the Executive Director of the final Official Statement or any such amendment or supplement thereto shall be conclusive evidence that the Authority has approved any such changes, insertions and omissions, amendment or supplement, as the case may be.

Section 5. Approval of Other Financing Documents. The Executive Director shall approve the form and content of the other Financing Documents and is hereby authorized to execute and deliver the other Financing Documents, his execution of such Financing Documents to be conclusive evidence of such approval.

Section 6. Execution of the Bonds. The Series 2018 Bonds shall be executed with the original or facsimile signature of the Executive Director and the original signature of the Secretary of the Authority, and the seal of the Authority shall be impressed, or a facsimile of the seal of the Authority shall be imprinted, on the Series 2018 Bonds. The Series 2018 Bonds shall be authenticated by the Bond Registrar and shall be delivered by the Trustee to or for the account of the underwriters in the case of a public offering or to or for the account of the institutional buyer in the case of a private placement upon receipt of the purchase price set forth in the Bond Purchase Agreement accepted by the Executive Director.



Section 7. Application of Bond Proceeds; Refunding Provisions. The proceeds of the Series 2018 Bonds shall be applied to the refunding, defeasance and redemption of the Refunded 2011 Bonds and payment of related issuance costs in accordance with the applicable provisions of the Bond Resolution. The Executive Director is authorized to (a) call the Refunded 2011 Bonds for the redemption on the earliest practicable redemption date or dates or such other date or dates as may be determined based upon the advice of the Financial Advisor, (b) arrange for the payment of such Refunded 2011 Bonds on the applicable redemption dates or dates so determined (c) to arrange for the investment of proceeds of the Series 2018 Bonds and in connection therewith prepare, execute and deliver any escrow deposit and any similar or related agreements that may be necessary or appropriate for such purpose, and (d) arrange for the delivery of reports of any consultants or other third parties that may be required or useful in connection with the refunding of the Refunded 2011 Bonds.

Section 8. Ratification; Further Action. All actions previously taken by the officers and staff of the Authority related to the matters herein authorized are ratified and confirmed. The officers and staff of the Authority are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may, in their discretion, deem necessary, appropriate or useful in connection with the issuance of the Series 2018 Bonds and refunding of the Refunded 2011 Bonds, subject to and upon the advice of counsel.

Section 9. Other Definitions. All terms not otherwise defined herein shall have the meanings ascribed thereto by the Bond Resolution.

Section 10. Series Resolution. This Resolution supplements the Bond Resolution and constitutes a Series Resolution as defined therein.

Section 11. Treasury Board Approval. The Authority requests the Treasury Board of the Commonwealth of Virginia to approve the terms and structure of the Series 2018 Bonds in accordance with the provisions of Sections 2.2-2416.5 and 2.2-2416.7, Code of Virginia of 1950, as amended, requiring such approval Staff is authorized and directed to make application for such approval of the Treasury Board and to furnish such materials and do such things as may be required to obtain such approval.

Section 12. Effective Date. This Series Resolution shall take effect immediately upon its adoption, and shall remain in effect through and until the first optional redemption date of the Refunded 2011 Bonds, July 1, 2020.

[END OF RESOLUTION]

PASSED AND ADOPTED this 22nd day of May, 2018.

  
John G. Milliken, Chairman

Attest:

  
Debra J. McNulty, Secretary

## **RESOLUTION 18-7**

### **AUTHORIZING THE ADOPTION OF THE PROCUREMENT AND CAPITAL OUTLAY MANUAL IN ACCORDANCE WITH SECTION 2.2-4343 OF THE CODE OF VIRGINIA OF 1950 AS AMENDED**

**WHEREAS**, Section 2.2-4343 of the Code of Virginia of 1950 as amended exempts the Virginia Port Authority ("Authority") from the Virginia Public Procurement Act, provided the Authority implements, by policy or regulation adopted by the Authority's Board of Commissioners, procedures to ensure fairness and competitiveness in the procurement of goods and services in the administration of its capital outlay program. This exemption shall be applicable only so long as such policies and procedures meeting the requirements remain in effect.

**WHEREAS**, the Board of Commissioners has been presented at its meeting the proposed amended and restated form of the Procurement and Capital Outlay Manual with an effective date of June 1, 2018, in compliance with the requirements of Section 2.2-4343 of the Code of Virginia for consideration and approval.

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

Section 1. Approval of the Procurement and Capital Outlay Manual. The amended and restated Procurement and Capital Outlay Manual with an effective date of June 1, 2018 (the "Manual") presented to the Board is hereby approved in the form presented at this meeting. The Executive Director is further authorized to approve omissions and insertions to the Manual as may be necessary from time to time to accommodate changes in the Virginia Code and any non-material changes reasonably required by modifications to organizational policy or structure. Any such changes shall be reported to the Board of Commissioners at their next regularly scheduled meeting and be subject to veto by simple majority.

Section 2. Supersede and Replace. This Manual supersedes and replaces the previously separate and approved November 2013 Virginia Port Authority Procurement and Surplus Property Manual and July 1997 Capital Outlay Manual.

Section 3. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority in furtherance of this Resolution are hereby ratified and confirmed. The officers and staff of the Authority, any of whom may act, are hereby authorized to take such actions, and deliver such additional documents and certificates, as they may, in their discretion, deem necessary or proper in connection with the adoption of this Resolution.

Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

**PASSED AND ADOPTED** this 22<sup>nd</sup> day of May, 2018.

A handwritten signature in black ink, appearing to read "John G. 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, Secretary

## March 2018 Financial Report

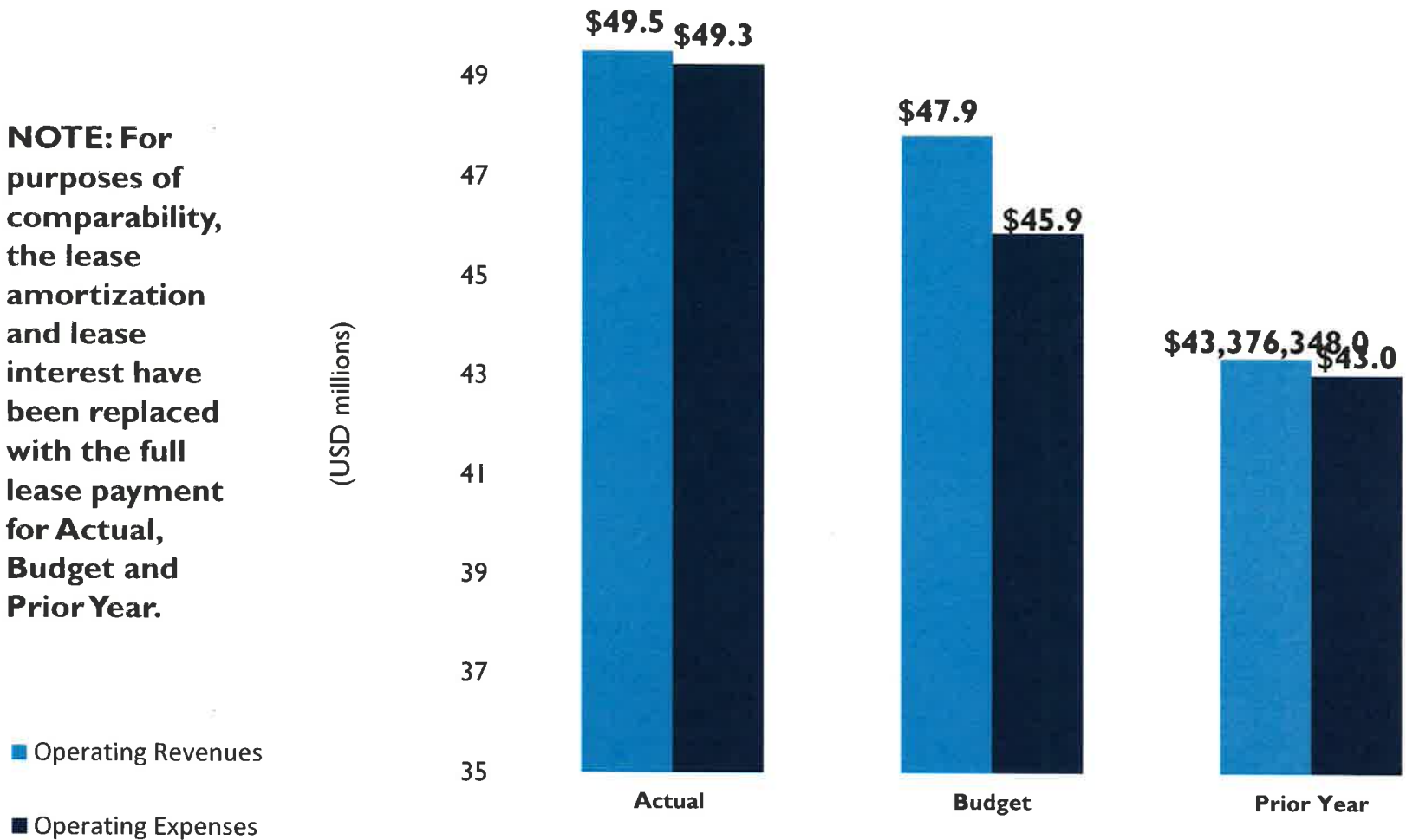
Rodney W. Oliver  
Chief Financial Officer



# OPERATING REVENUES AND EXPENSES:

## For the Month Ended March 31, 2018

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

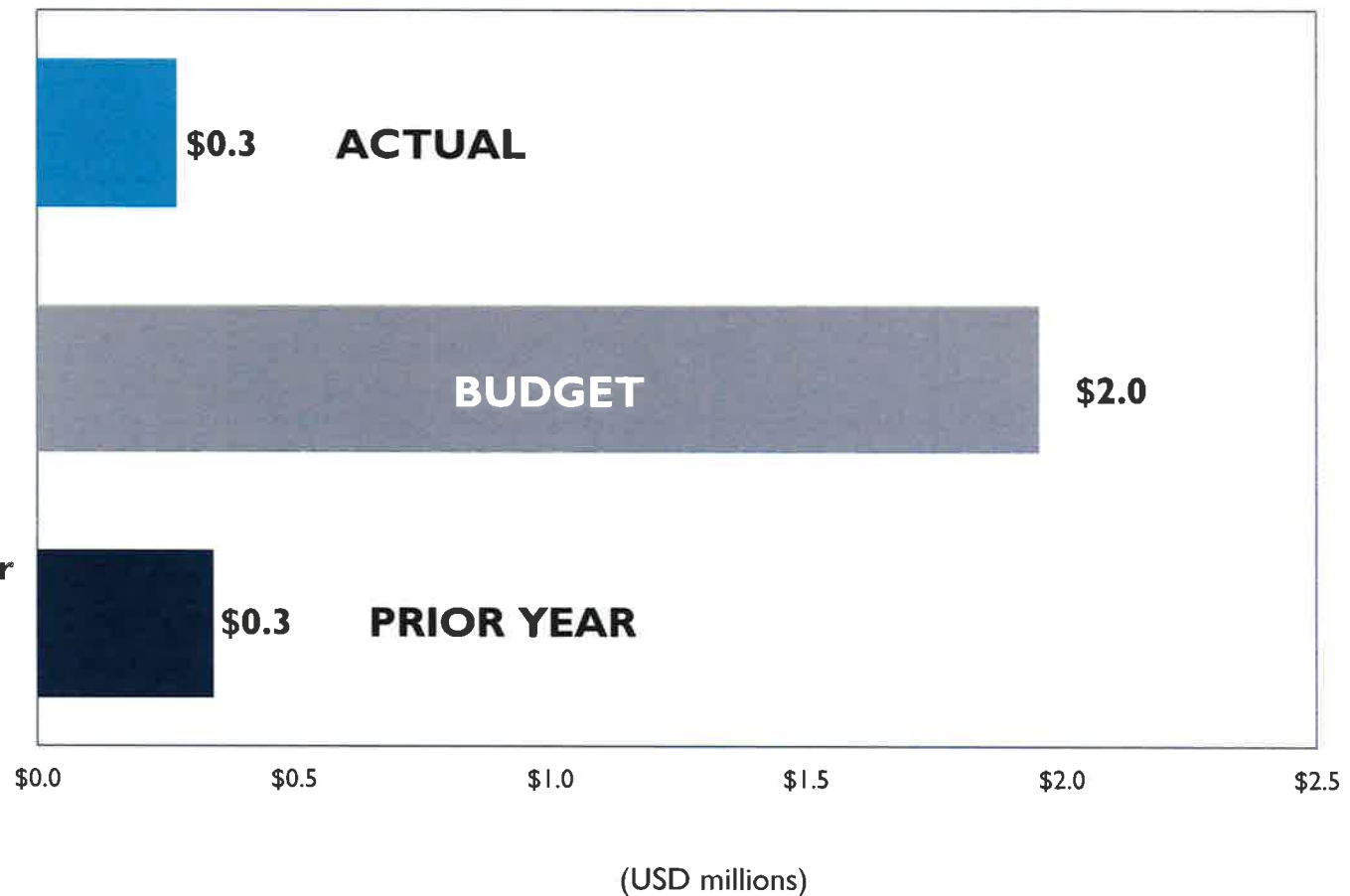




# OPERATING INCOME (LOSS):

## For the Month Ended March 31, 2018

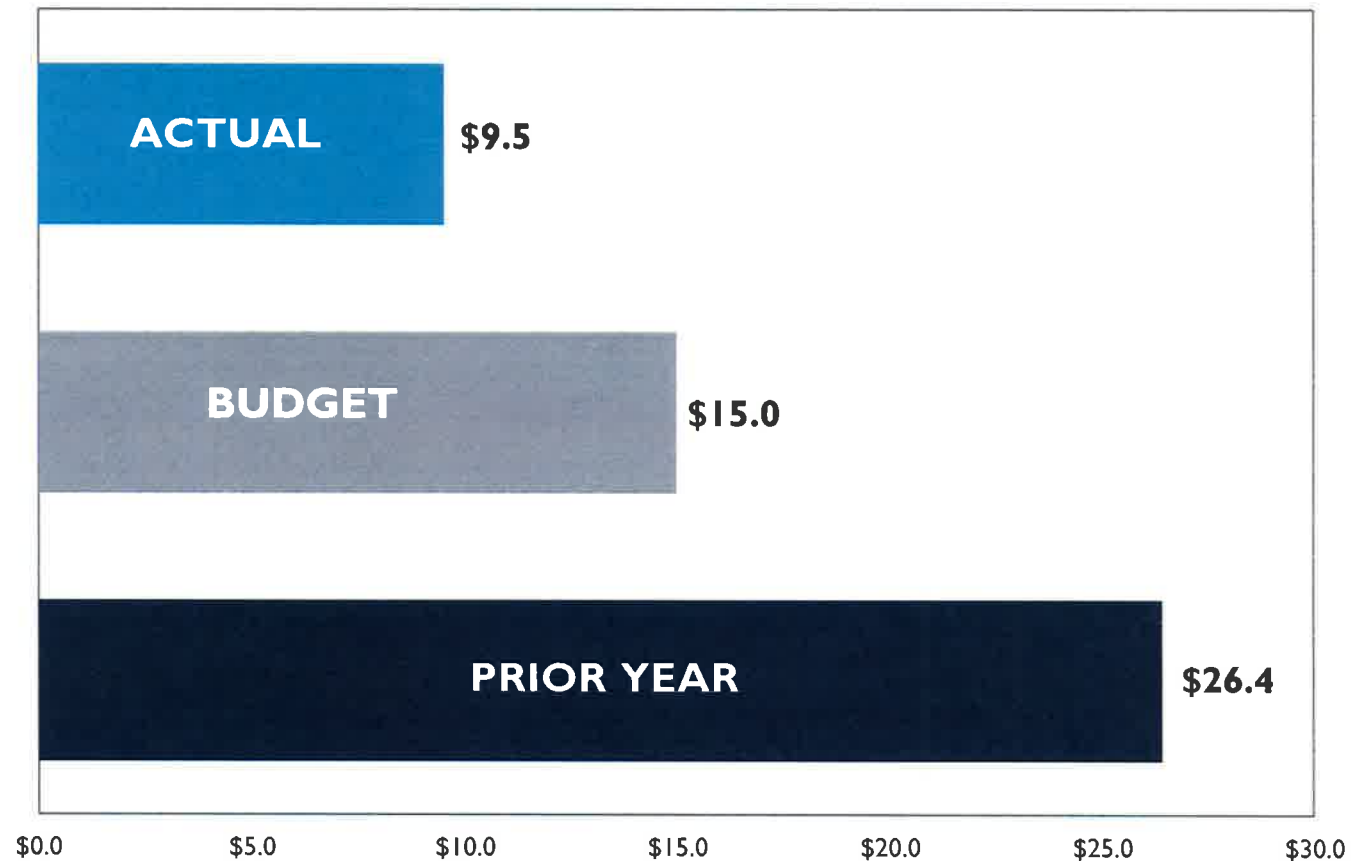
**NOTE:** For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



# CHANGE IN NET POSITION:

## For the Month Ended March 31, 2018

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

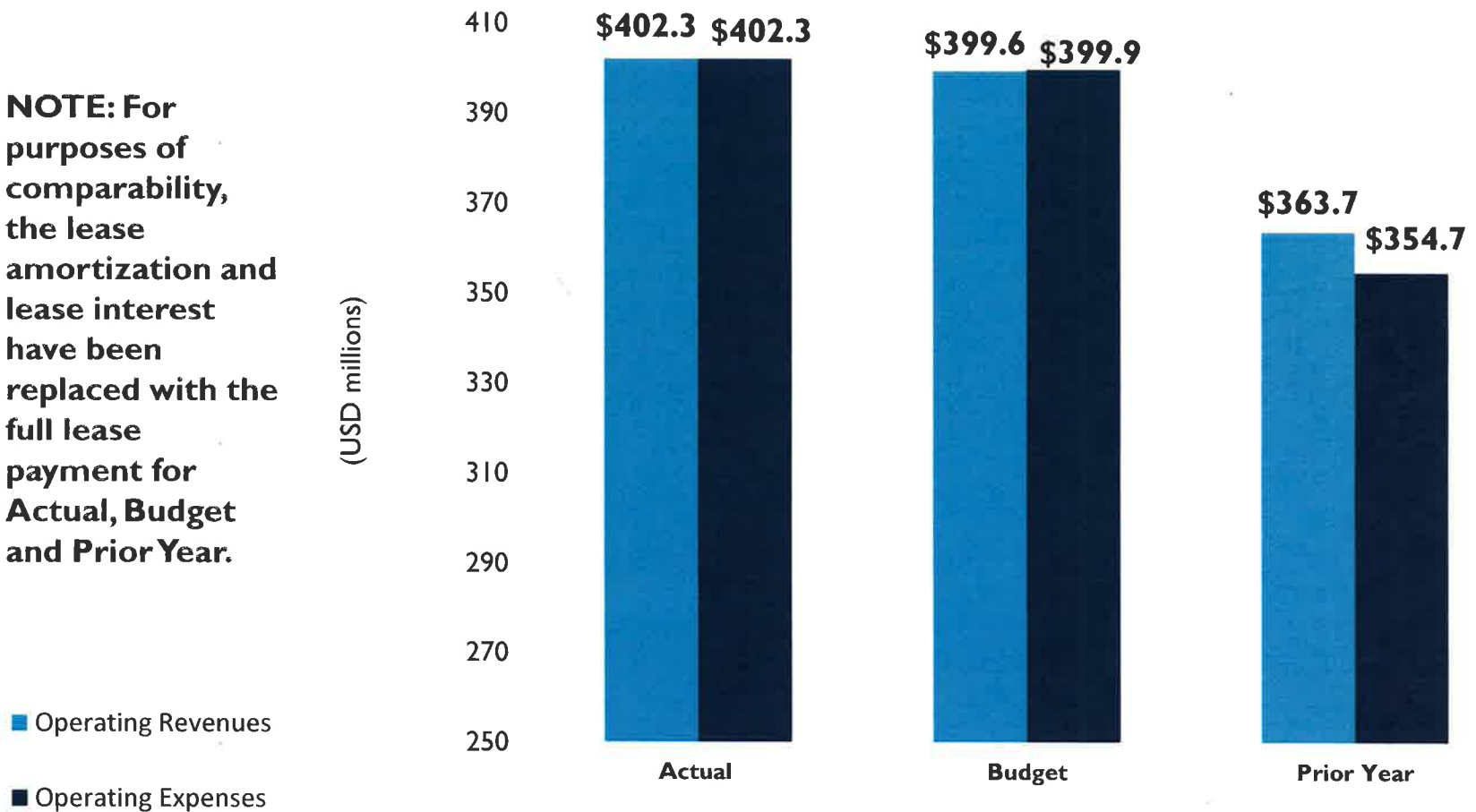




# OPERATING REVENUES AND EXPENSES:

## For the Nine Months Ended March 31, 2018

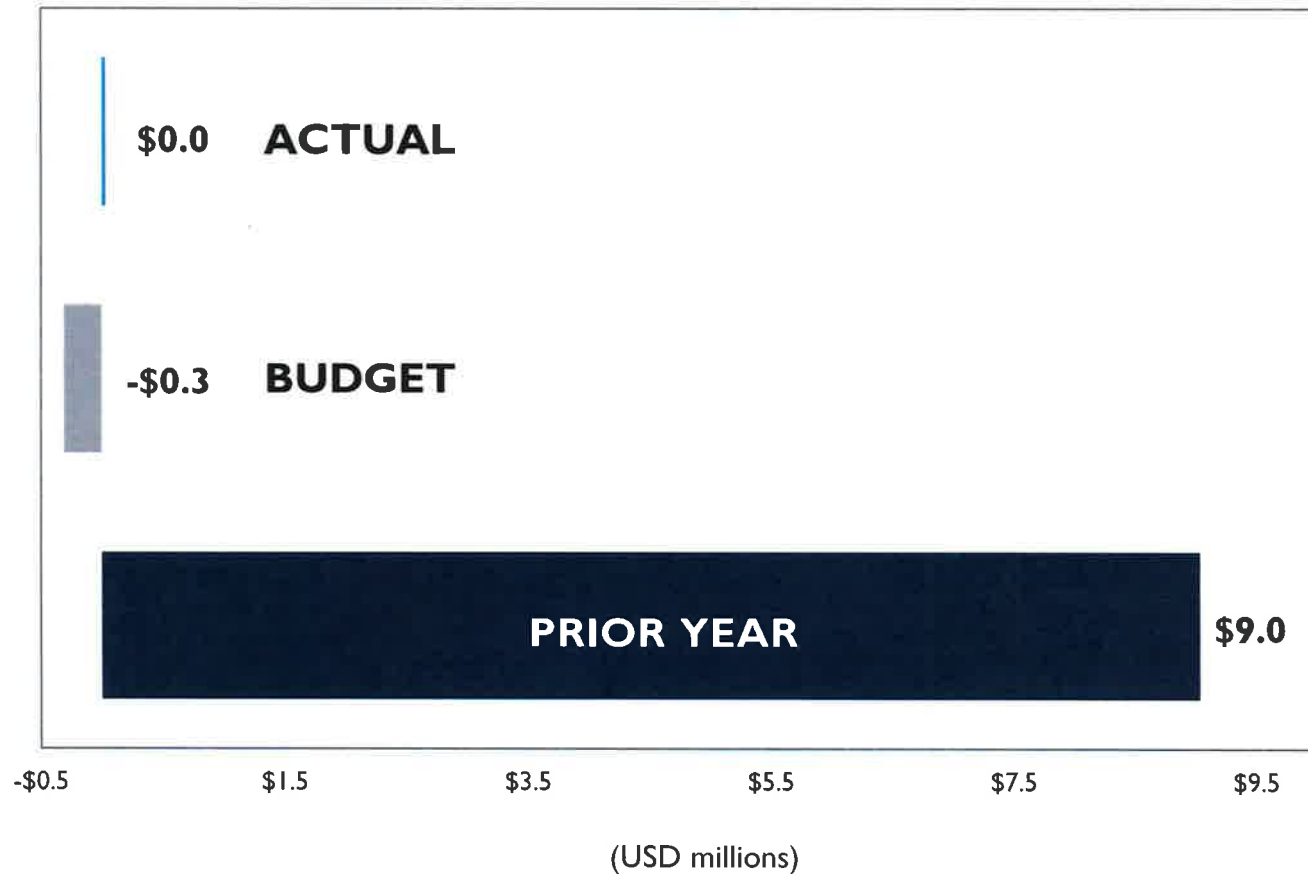
**NOTE:** For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



# OPERATING INCOME (LOSS):

## For the Nine Months Ended March 31, 2018

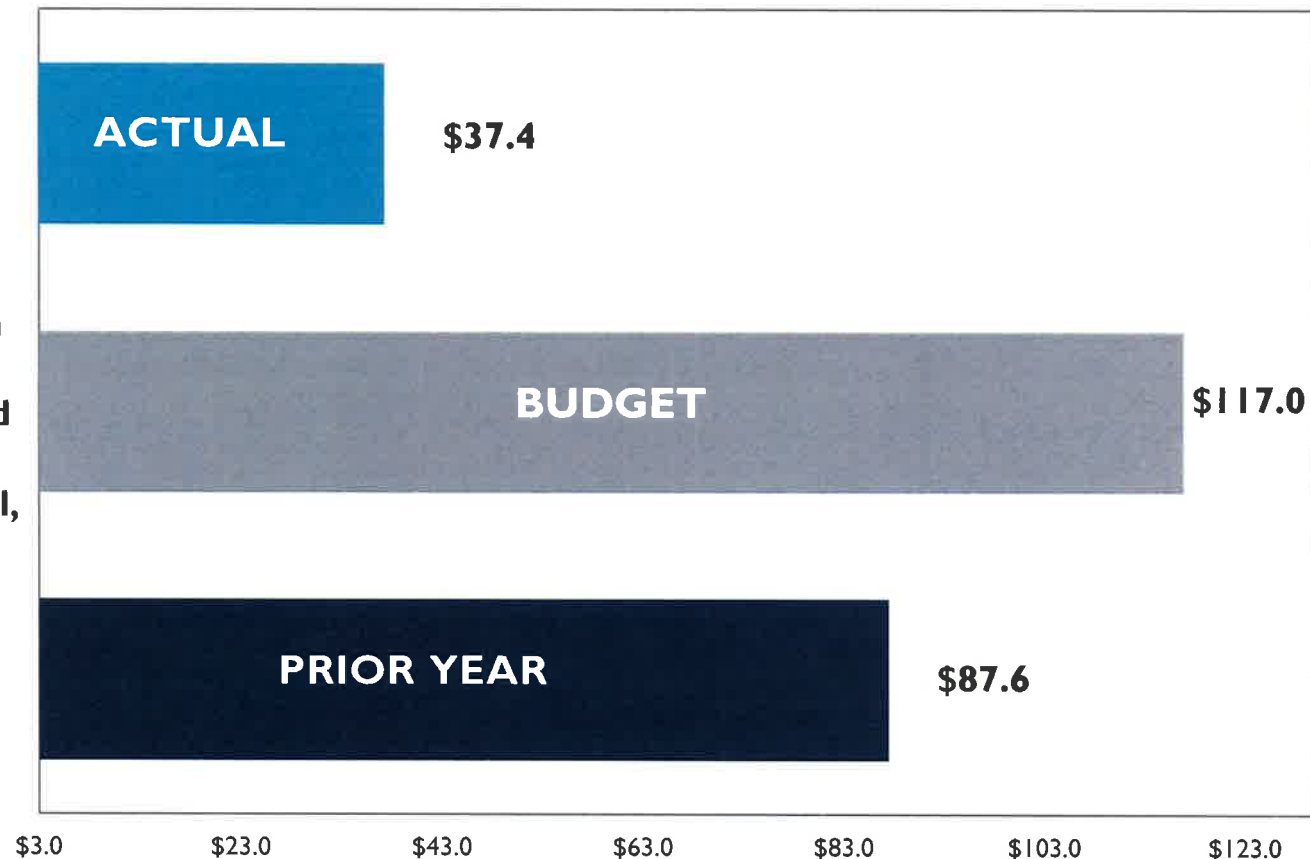
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# CHANGE IN NET POSITION:

## For the Nine Months Ended March 31, 2018

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



# **The Port of Virginia FY19 Budget**

## **May 22, 2018**

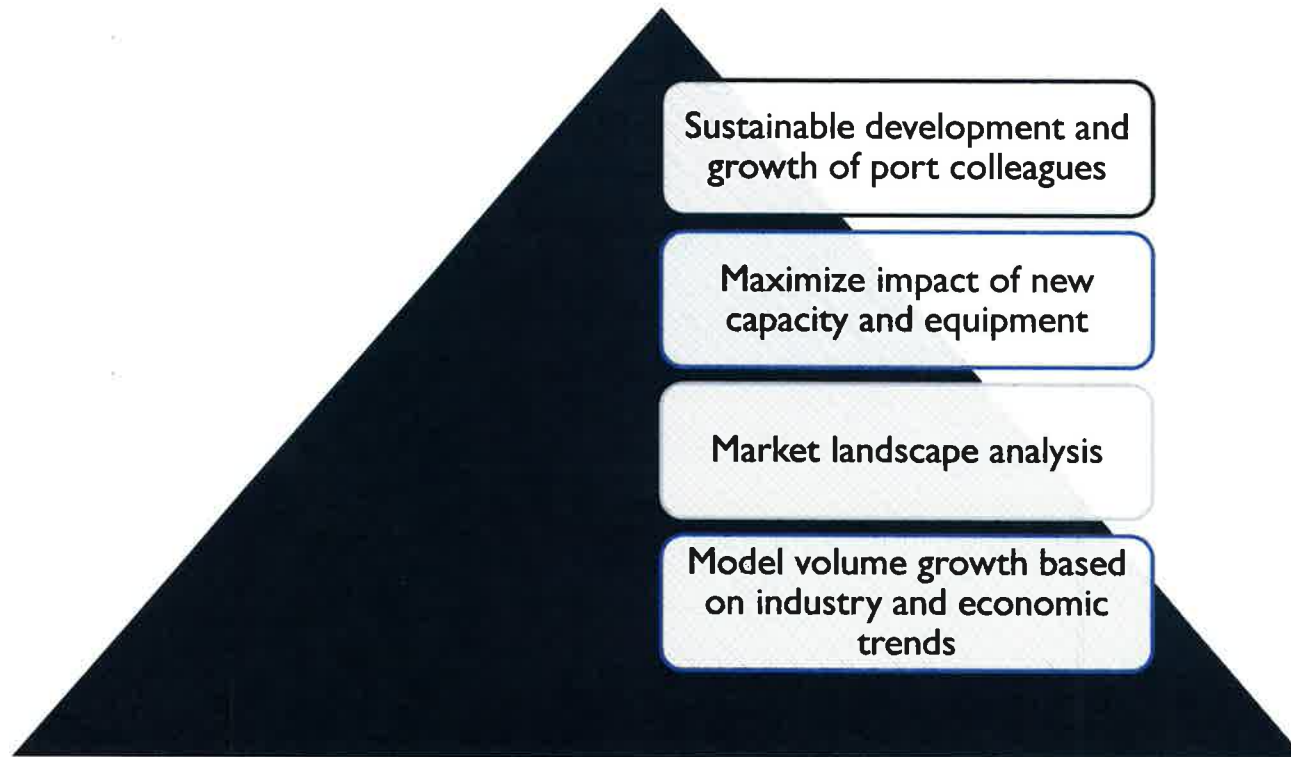


FY 2019 Budget

# AGENDA

- Mindful Approach
- Executive Summary
- Our Budget and Plans

# MINDFUL APPROACH TO THE PROCESS







FY 2019 Budget

## EXCEEDING OUR BOND REQUIREMENTS

Measure	Minimum Requirement	FY2018			FY2019	
		2016 Masterplan Projection for FY2018	Budget FY2018	FY2018 Current Forecast	2016 Masterplan Projection for FY2019	Budget FY2019
Aggregate Net Revenue Coverage	1.10	1.27	1.47	1.30	1.32	1.36
Aggregate Adjusted Net Revenue Coverage	1.25	1.42	1.70	1.49	1.46	1.56
Net Revenue Coverage	1.00	1.19	1.36	1.19	1.25	1.26

FY 2019 Budget

## FY19 INCOME STATEMENT WITH EBITDA

	FY18 Budget	FY18 Forecast <i>as of April 23, 2018</i>	FY19 Budget <i>as of May 8, 2018</i>	FY19 Budget vs FY18 Forecast	
				<i>Change</i>	<i>% Change</i>
Container volume	1,639,411	1,641,080	1,730,450	89,370	5.4%
Total operating revenues, \$000s	\$543,146	\$543,318	\$594,225	\$50,908	9.4%
Total operating expenses, \$000s	\$537,313	\$542,700	\$593,889	\$51,190	9.4%
Operating income / (loss), \$000s	\$5,834	\$618	\$336	-\$282	-45.6%
EBITDA, \$000s	\$62,892	\$58,982	\$67,467	\$8,485	14.4%
EBITDA %	11.6%	10.9%	11.4%		
EBITDA (Before Lease Rental), \$000s	\$138,361	\$131,784	\$154,867	\$23,083	17.5%
EBITDA %	25.5%	24.3%	26.1%		



# ASSUMPTIONS AND BUDGET

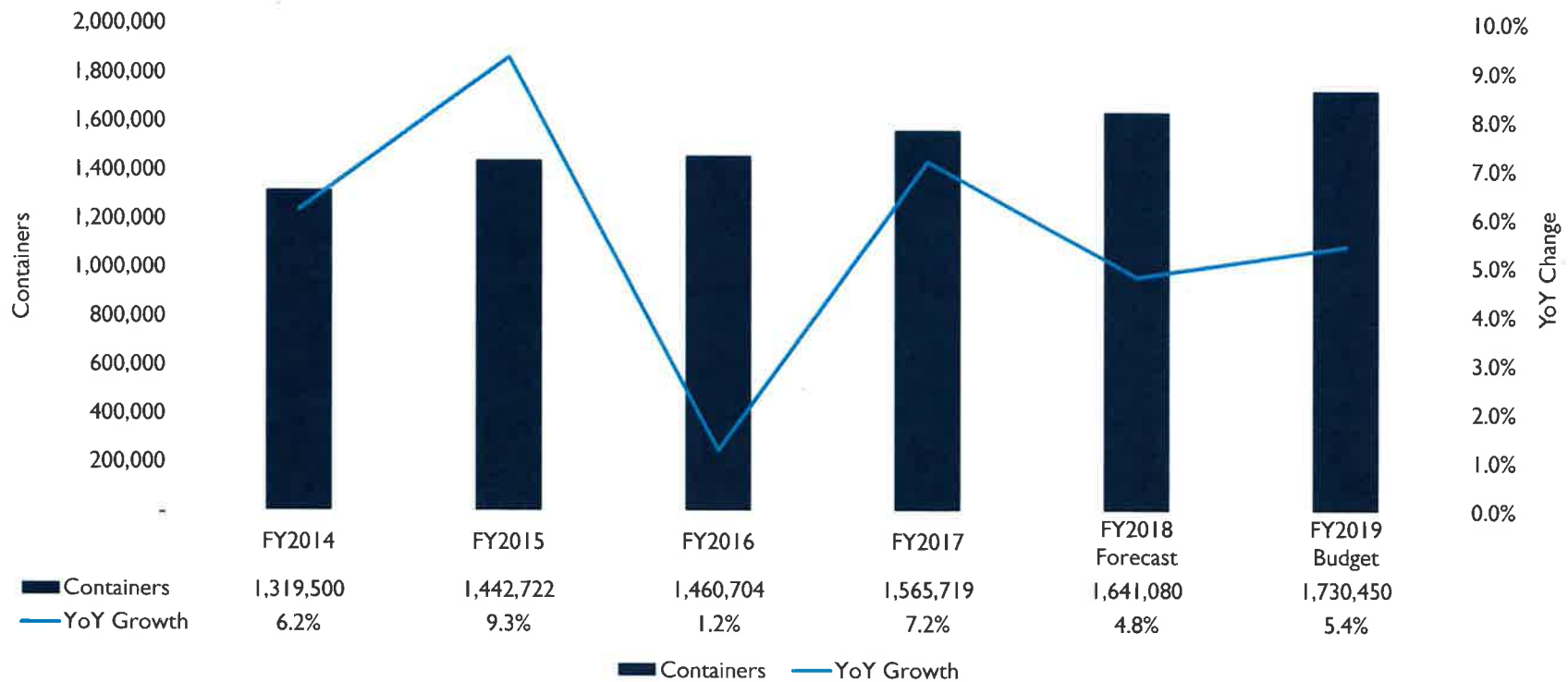


## PROJECTED VOLUMES

Terminal	FY 2018 projected as of 04/23/18	FY 2019	Percent Change
NIT	787,732 containers	748,310 containers	-5.0%
VIG	667,819 containers	805,548 containers	20.6%
PMT	185,530 containers	176,592 containers	-4.8%
<b>Total Container volume</b>	<b>1,641,081</b>	<b>1,730,450</b>	<b>+5.4%</b>
NNMT	36,188 vehicles	55,000 vehicles	+52.0%
VIP	36,634 containers	38,374 containers	+4.75%
RMT	25,593 containers	34,229 containers	+33.7%

FY 2019 Budget

## STEADY GROWTH IN CONTAINER VOLUMES





FY 2019 Budget

## REVENUES ASSUMPTIONS

- Revenue will increase by 9.4%
- Volume will increase by 5.4%
- Schedule of Rates (SOR) will increase by 3.3%
- Includes new shipline contracts negotiated in FY18 through March 31
- Rate increases in line with market data including chassis rates and empty container storage rates

FY 2019 Budget

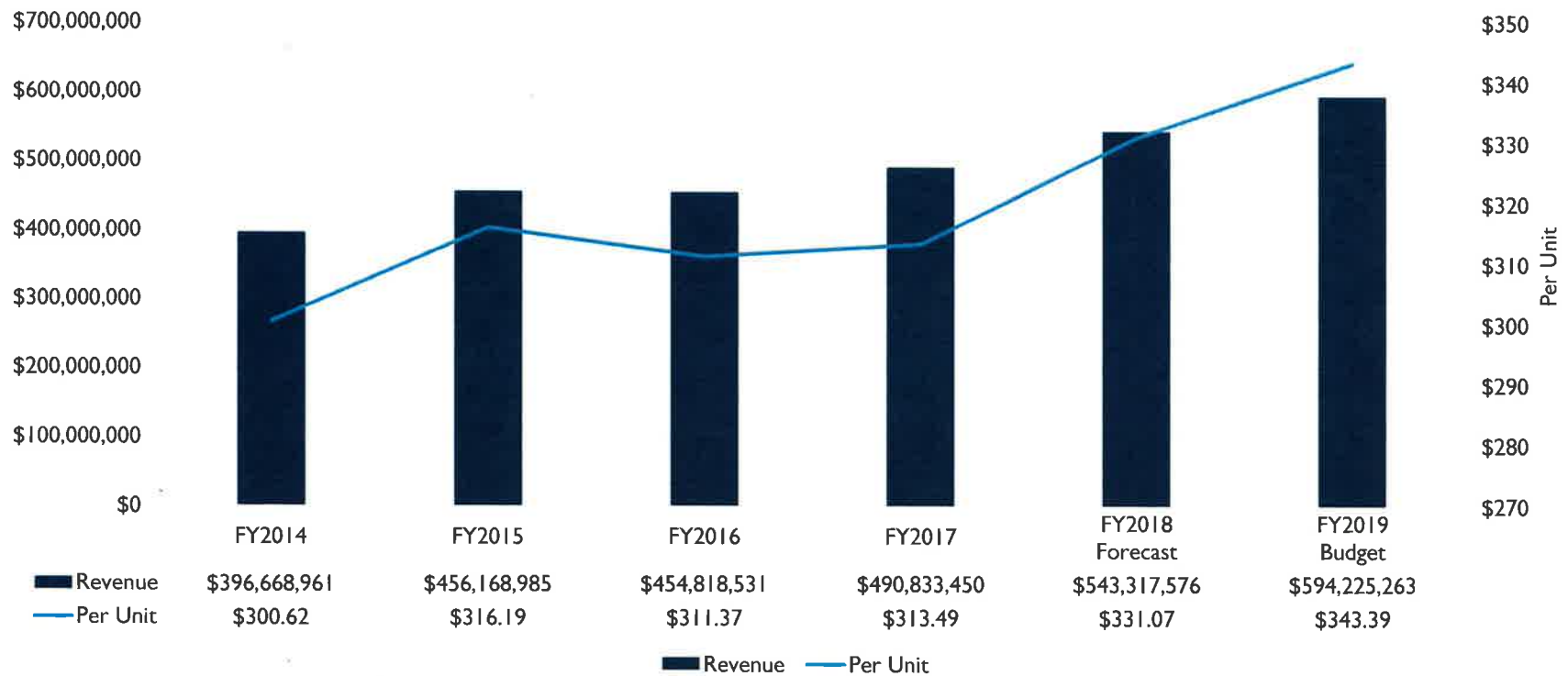
## FY19 INCOME STATEMENT

	FY18 Budget	FY18 Forecast <i>as of Apr 23, 2018</i>	FY19 Budget <i>as of May 8, 2018</i>	FY19 Budget vs FY18 Forecast	
				Change	% Change
Container Volume	1,639,411	1,641,080	1,730,450	89,370	5.4%
Terminal operating revenues, \$000s	\$531,053	\$529,102	\$577,791	\$48,690	9.2%
Other revenues	\$10,660	\$10,702	\$11,939	\$1,237	11.6%
Operating Revenues - Grants	\$1,433	\$3,514	\$4,495	\$981	27.9%
<b>Total operating revenues</b>	<b>\$543,146</b>	<b>\$543,318</b>	<b>\$594,225</b>	<b>\$50,908</b>	<b>9.4%</b>



FY 2019 Budget

## REVENUE TRENDS CONTINUE IN A POSITIVE DIRECTION





FY 2019 Budget

## EXPENSES ASSUMPTIONS

- Estimated CPI increase of 2.6%
- Labor rate increase in October of 4.0%
- Expansion projects arrive per plan
- Major drivers include additional chassis, new assets deployment, a second RMT barge, and increases in facility rent

FY 2019 Budget

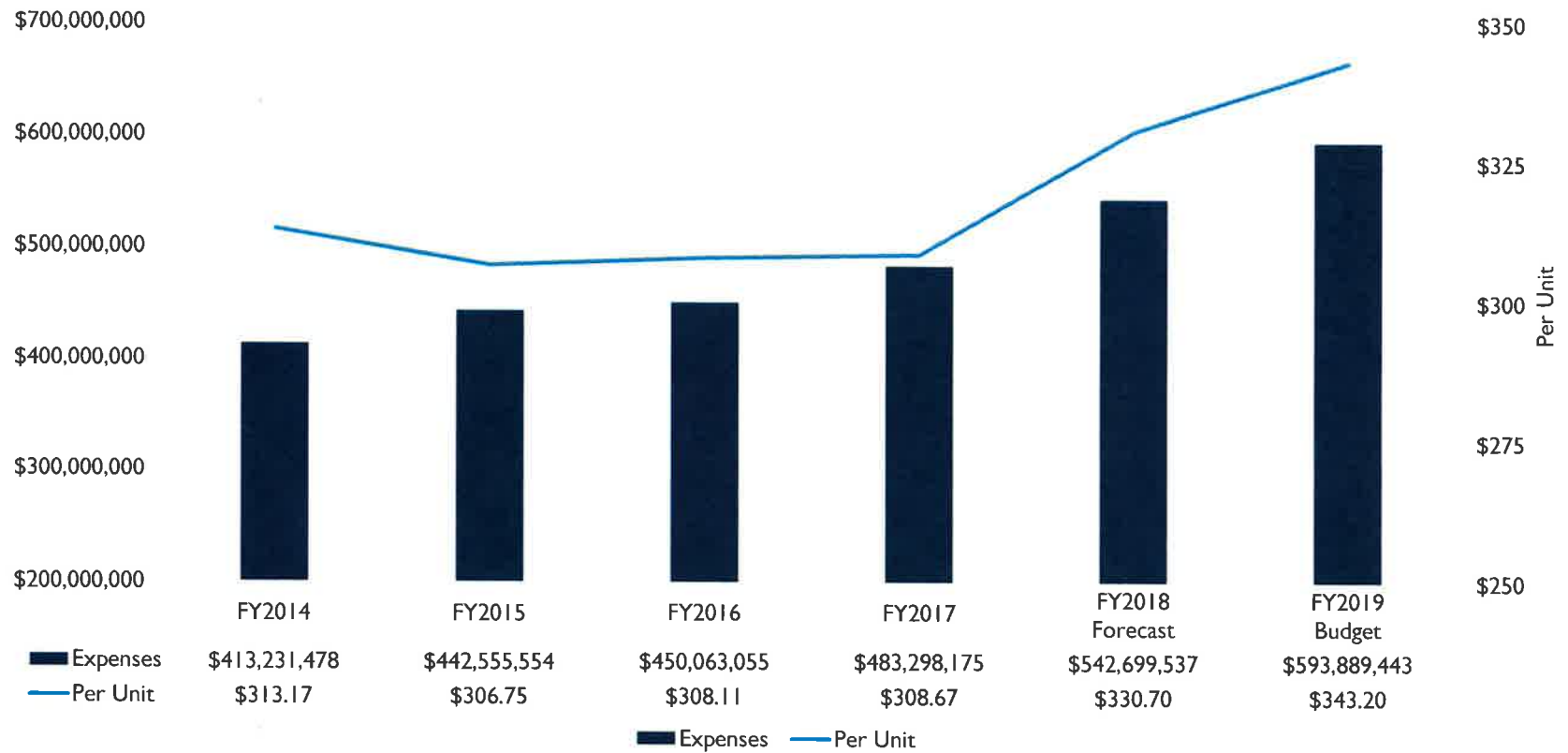
## FY19 INCOME STATEMENT

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Operating revenues – Grants	\$1,433	\$3,514	\$4,495	\$981	27.9%
Total operating revenues	\$543,146	\$543,318	\$594,225	\$50,908	9.4%
Terminal labor	\$136,439	\$140,610	\$147,282	\$6,672	4.7%
Terminal expenses	\$92,879	\$100,294	\$113,020	\$12,726	12.7%
Terminal maintenance	\$109,850	\$108,850	\$115,294	\$6,444	5.9%
General and administrative	\$65,438	\$61,600	\$63,583	\$1,983	3.2%
Facility rental	\$75,649	\$72,982	\$87,580	\$14,598	20.0%
Depreciation and amortization	\$57,059	\$58,364	\$67,131	\$8,767	15.0%
<b>Total operating expenses</b>	<b>\$537,313</b>	<b>\$542,700</b>	<b>\$593,889</b>	<b>\$51,190</b>	<b>9.4%</b>



FY 2019 Budget

# EXPENSE TRENDS



FY 2019 Budget

## FY19 INCOME STATEMENT WITH EBITDA

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Total operating expenses	\$537,313	\$542,700	\$593,889	\$51,190	9.4%
<b>Operating income / (loss)</b>	<b>\$5,834</b>	<b>\$618</b>	<b>\$336</b>	<b>-\$282</b>	<b>-45.7%</b>
<b>EBITDA</b>	<b>\$62,892</b>	<b>\$58,982</b>	<b>\$67,467</b>	<b>\$8,485</b>	<b>14.4%</b>
<b>EBITDA %</b>	<b>11.6%</b>	<b>10.9%</b>	<b>11.4%</b>		
<b>EBITDA (Before Lease Rental)</b>	<b>\$138,361</b>	<b>\$131,784</b>	<b>\$154,867</b>	<b>\$23,083</b>	<b>17.5%</b>
<b>EBITDA %</b>	<b>25.5%</b>	<b>24.3%</b>	<b>26.1%</b>		

FY 2019 Budget

## RUN RATE OPERATING INCOME TRENDS





FY 2019 Budget

## CAPITAL OUTLAY BUDGET

VPA Project	Project Cost
Container Handling Equipment	\$24,589,700
NIT Expansion	\$13,200,000
55 ft Dredging - FY19 portion	\$10,000,000
NIT Dredging	\$9,000,000
Improvements to Container Handling Facilities	\$8,940,236
Financial System Replacement	\$8,000,000
IT, excluding N4	\$6,423,500
VIP Rail Expansion	\$5,700,000
Miscellaneous other	\$1,961,000
<b>Total</b>	<b>\$87,814,436</b>

VIT Project	Project Cost
N4 Related	\$4,950,000
IT, excluding N4	\$1,870,000
Container Handling Equipment	\$1,828,000
Billing System	\$1,400,000
Miscellaneous other	\$152,642
<b>Total</b>	<b>\$10,200,642</b>

## CAPITAL BUDGET SOURCES OF POV FUNDING

Funding Source	
\$39,559,928	Terminal Revenue Paygo
\$28,861,075	State Grants
\$12,820,000	2015 Bond
\$8,209,700	MELP
\$6,108,375	CPF Paygo
\$2,456,000	Federal Grants
<b>\$ 98,015,078</b>	<b>Total</b>



FY 2019 Budget

## SUMMARY

- Exceeding our bond requirements
- Maximizing use of new capacity
- Making sustainable investments

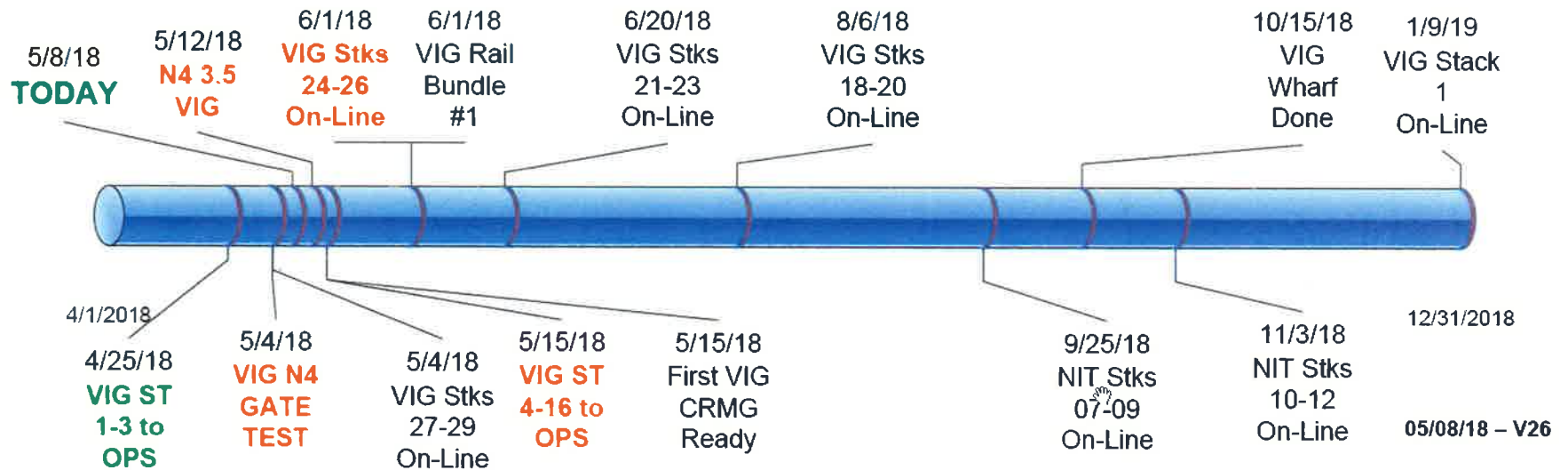


# POV VOLUMES: FYTD July-April 2018

	FY 2017	FY 2018	Change	% Change
<b>Total TEUs</b>	<b>2,283,861</b>	<b>2,367,006</b>	<b>83,145</b>	<b>3.6%</b>
Export Loaded TEUs	866,979	836,909	(30,069)	-3.5%
Export Empty TEUs	350,253	420,868	70,615	20.2%
Import Loaded TEUs	1,020,270	1,088,981	68,711	6.7%
Import Empty TEUs	46,360	20,249	(26,111)	-56.3%
<b>Total Containers</b>	<b>1,291,817</b>	<b>1,341,723</b>	<b>49,906</b>	<b>3.9%</b>
<b>General Cargo Tonnage</b>	<b>18,137,538</b>	<b>18,430,325</b>	<b>292,786</b>	<b>1.6%</b>
Container Tonnage	17,979,730	18,269,869	290,139	1.6%
Breakbulk Tonnage	157,808	160,456	2,648	1.7%
<b>Total Rail Containers</b>	<b>473,881</b>	<b>470,575</b>	<b>(3,306)</b>	<b>-0.7%</b>
VIP Containers	28,789	29,881	1,092	3.8%
<b>Total Barge Containers</b>	<b>38,828</b>	<b>40,941</b>	<b>2,113</b>	<b>5.4%</b>
RMT Containers	19,092	22,293	3,201	16.8%
<b>Total Truck Containers</b>	<b>779,108</b>	<b>830,207</b>	<b>51,099</b>	<b>6.6%</b>
<b>Ship Calls</b>	<b>1,511</b>	<b>1,431</b>	<b>(80)</b>	<b>-5.3%</b>
<b>Vehicle Units</b>	<b>29,098</b>	<b>27,005</b>	<b>(2,093)</b>	<b>-7.2%</b>

# Timelines

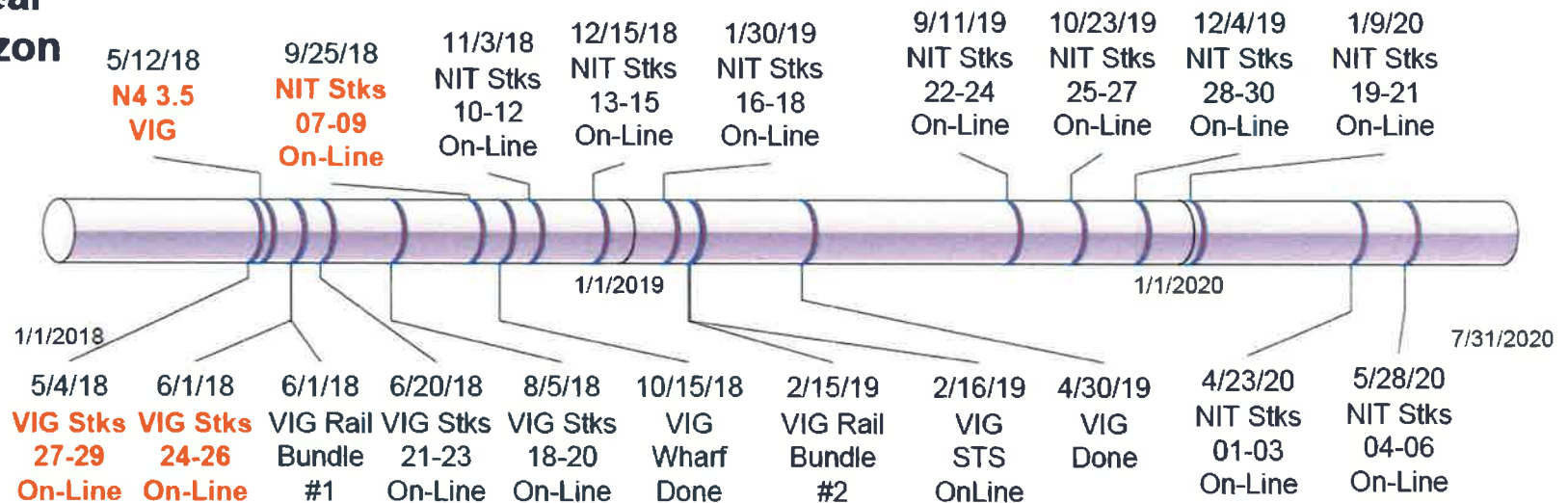
## 2018 Milestones





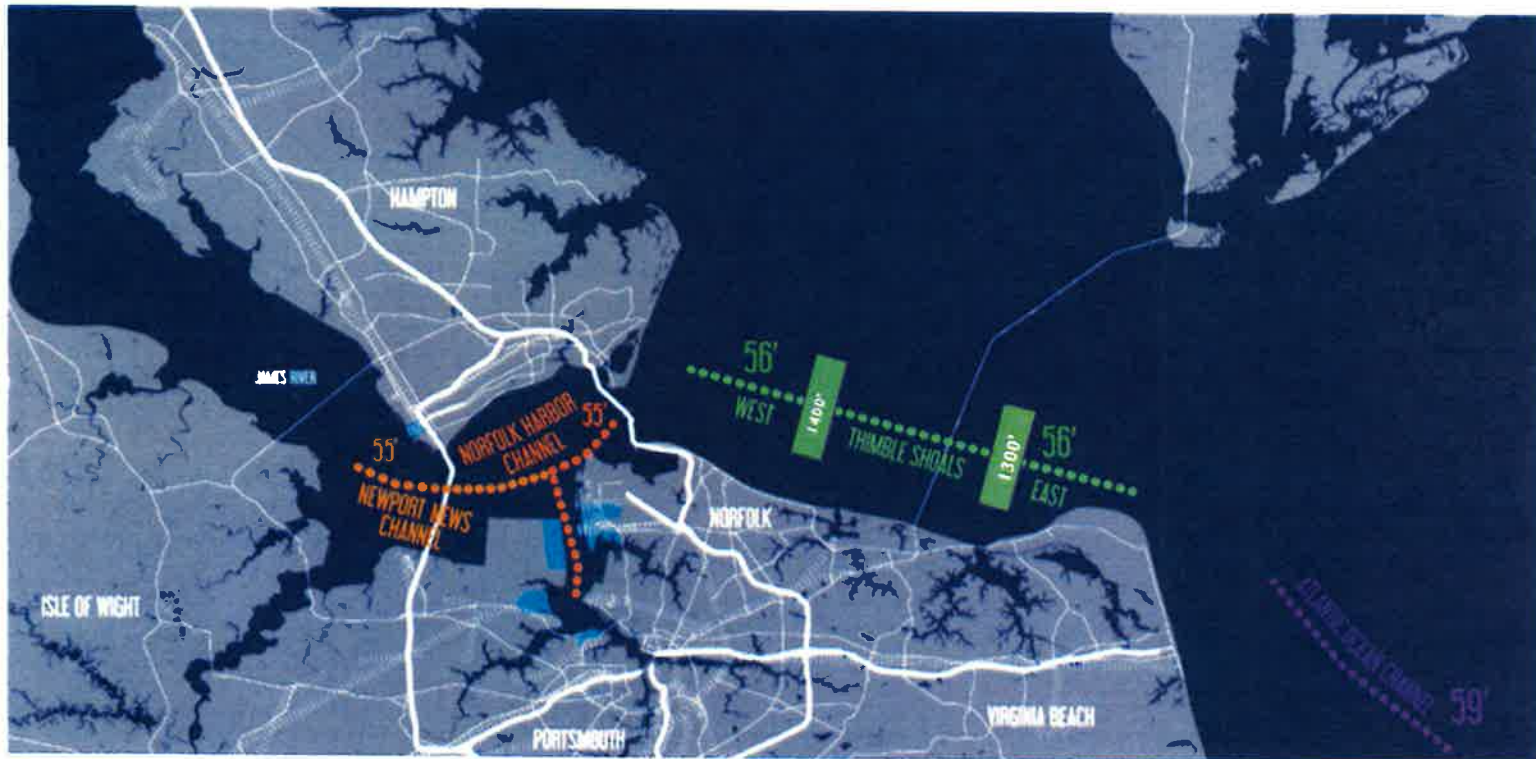
# Timelines - continued

## 3 Year Horizon

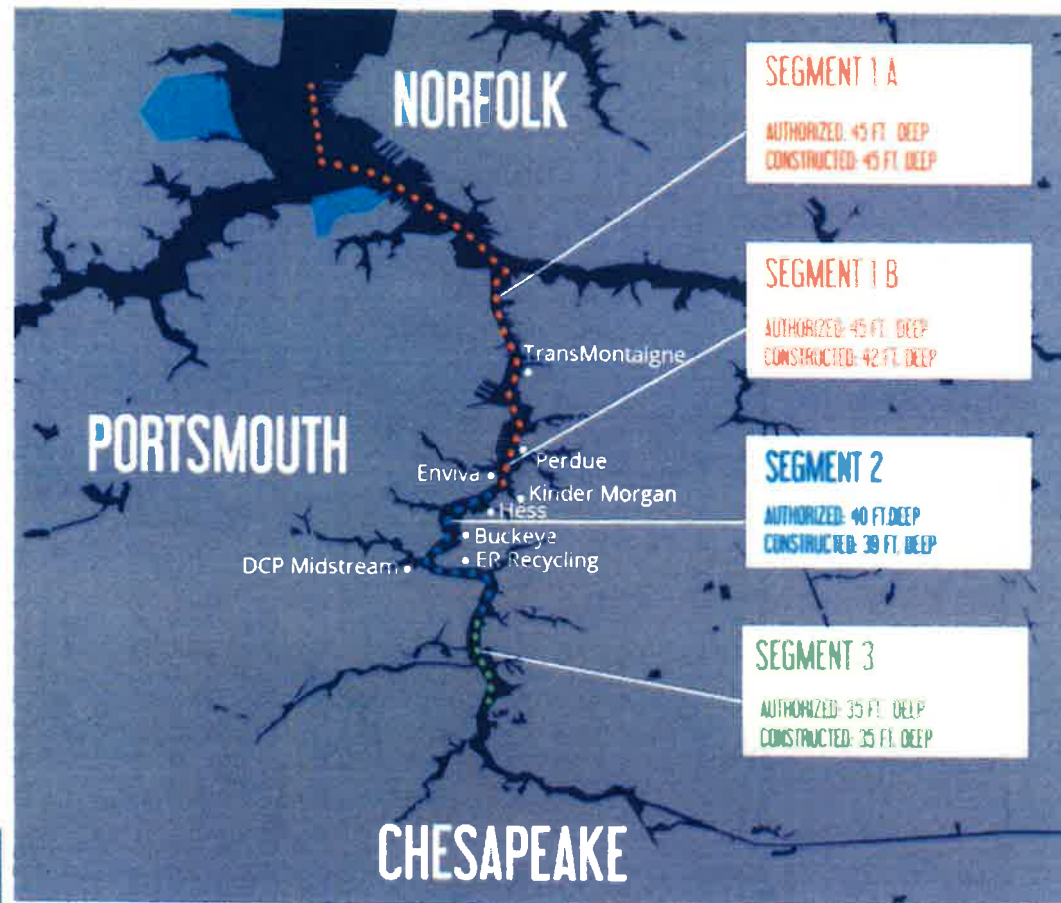


05/08/18 – V26

# TSP NORFOLK HARBOR



# NORFOLK HARBOR DEEPENING STUDY



Virginia Port Authority Board of Commissioners Meeting  
May 22, 2018

Public Comments by Marilynn Ryan, President, Tidewater Motor Truck Association (TMTA)

"Thanks everybody. Good morning Chairman Milliken, Board of Commissioners, and port personnel. I am Marilynn Ryan and I am here representing the Tidewater Motor Truck Association which is the motor carriers transiting The Port of Virginia. Very interesting meeting, learned a lot, heard a lot I totally agree with. First, I want to commend the Board of Commissioners, you guys never get the honor, I hear you commending everybody else. The port is run very professionally, a wonderful executive team, the senior leadership team is taking the port in the right direction. It's going to be the top port in the world, hopefully someday. But currently, I want to make it very transparent that there are some issues that are very serious issues right now. I won't take very much of your time, I'm just going to highlight three of them.

The first one is, we still are in congestion mode. Congestion mode will only be resolved through what ports are doing now – expansion, maintenance – I saw that only a 5.6% maintenance increase (ref. FY19 budget-actual 5.9%). I think that you are going to see over this year that it's going to be a little higher than that. I'm not a math major or an economist but I know that that part needs more. There's a lot of things that right now the trucking community is experiencing a 33% decrease in productivity through the port. This has resulted since the April 30<sup>th</sup> meeting. Two trucking companies in the area have shut the doors. TRX shut their doors last week. There's a major one that is going to make an announcement later this week. Two trucking companies. When we are already short of trucks and all of that. Why is that important? You have a 6% growth and you have 33% less productivity by the motor carriers. Like I said, I'm not a math major but that's a lot of containers left in the port. The containers left in port result in expenses to your customers, the motor carriers, when we're trying to be an economic engine and we are a major stakeholder. That's some serious issues. Things are getting better but there's some serious suffering going on.

The second, I'm just going to really gloss over is the terminal reservation system – there's still some major questions by stakeholders. I know when Wal-Mart came in last week, that was one of their major concerns. I also know that the plan is to keep adding an hour to the reservation system every two weeks. I think that maybe we really need to sit down and see what the ramifications of that are going to be.

The third one, and this is really most important today. I have to respectfully disagree with the successful implementation of the transition of N4. I believe it was a success operationally. It didn't shut down the port which it did New York so, yes, that's very good. But what happened is the motor carrier community lost complete site for two days and then got minimal site up and we still don't have full accurate data. Our companies, we run a container on data. When that container hits the water we monitor the port system continuously. There was no foresight. What we were expecting and what we were told was that we would be able to get on one system, the N4 system, and be able to monitor all three ports which sounded wonderful. There were some glitches when it came up and unexpected occurrences where we lost control of that. VIG could not come up on that platform. The TMTA has been working very closely with the IT department, the writing code right now to get up on the PRO-PASS system, that's still, we are seven, ten days operationally into it. That information is still not completely accurate. So this is why I am here today. I want to make sure that it's transparent that there are still issues with the N4. It wasn't a complete success as in all the press releases.

I want to thank you for your time. I really don't have lots of solutions but I just wanted to present the issues we are up against. Thank you very much."