

MINUTES

Virginia Port Authority Board of Commissioners – Public Session 392

600 World Trade Center

Norfolk, Virginia

Tuesday, March 26, 2019

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on March 26, 2019, in VPA’s Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m. The following were then in attendance:

Commissioners:

John G. Milliken, Chairman

J. William Cofer

Manju S. Ganeriwala, State Treasurer

Val S. McWhorter

Faith B. Power

Kim Scheeler

Louisa M. Strayhorn

Deborah C. Waters

Commissioners Absent:

F. Blair Wimbush, Vice Chairman

Jennifer D. Aument

Alan A. Diamonstein

Stephen Moret

John N. Pullen

VPA Colleagues:

John F. Reinhart, CEO and Executive Director

James Bibbs, Chief Human Resources Officer

Sarah McCoy, General Counsel

Rodney W. Oliver, Chief Financial Officer

Joseph P. Ruddy, Chief Innovation Officer

Cathie Vick, Chief Public Affairs Officer

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

Christopher (“Kit”) Chope, Vice President, Sustainability

Russell Held, Vice President, Economic Development

Daniel Hendrickson, Vice President, Strategic Planning & Analytics

Barbara Nelson, Vice President, Government Affairs & Transportation Policy

Jay Stecher, Vice President, Marketing & Communications

Joe Harris, Senior Director, Media Relations

Carla Welsh, Director, Creative Services

Russell Young, Director, Economic Development

Sara Burnett, Manager, Commercial Pricing

Debra J. McNulty, Secretary to the Board

Virginia International Terminals, LLC (VIT) Colleagues:

Shawn Tibbetts, President and Chief Operations Officer

Thomas D. Capozzi, Chief Sales Officer

Joe O'Brien, Vice President, Ocean Carrier Sales

Aaron Katrancha, Director, Breakbulk/Ro-Ro Sales

Guests:

F. Brice Fiske, Office of the Attorney General

JoAnne Carter, PFM Financial Advisors, LLC

Kristy Choi, PFM Financial Advisors, LLC

Bryant McGann, Vandeventer Black LLP

David White, Virginia Maritime Association (VMA)

Wil Fedew, VMA

Savannah Pegg, DLS Engineering

Michelle Wharton, Kimley-Horn

Bill Bateman, Savant, Ltd.

Media:

Gordon Rago, *The Virginian-Pilot*

Safety Briefing and Introductions

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

I. Approval of Minutes

Action: At the request of Chairman Milliken, minutes of the regular meeting of the VPA Board, held January 29, 2019, were approved as circulated.

II. Reports of Committees

A. Executive Committee – John G. Milliken, Chairman

I. Report of Executive Committee

Chairman Milliken reported that the Executive Committee met in closed session Monday afternoon to discuss several confidential matters, one of which was the completion of the annual review of the performance of the CEO and Executive Director, John Reinhart. The

Chairman explained how the Board adopts a set of quantitative metrics and at the end of the year, results are formulated to determine a percentage of calendar year accomplishments for which an incentive compensation would then be awarded to the Executive Director.

Chairman Milliken reported that the Executive Committee met in January and completed their review in Monday's closed session. The Chairman then presented Resolution 19-2, for discussion and consideration by the Board. There were no questions or comments from Board members.

Action: Upon motion by Mr. McWhorter, seconded by Ms. Power, the Board unanimously (8-0) adopted Resolution 19-2, approving the CEO and Executive Director's incentive compensation for CY2018 results.

On behalf of the Board, Chairman Milliken congratulated Mr. Reinhart and the team for what he said was an excellent year and a difficult year in the midst of the major construction projects at Norfolk International Terminals (NIT) and Virginia International Gateway (VIG).

Chairman Milliken then described the Memorandum of Board Action (see attached), which was prepared as notification to the Board. The Chairman explained that the Executive Director had briefed the Finance and Audit Committee in January on the Authority's intent to request an extension of its existing Master Equipment Lease Program (MELP) to finance procurement of additional cranes and equipment for NIT. Chairman Milliken explained that, due to the timing of Board meetings, the Executive Director sought the approvals of the Chairman of the Board and Chair of the Finance and Audit Committee, as authorized in the VPA Bylaws, to execute an Amendment to the MELP to finance the necessary equipment for NIT.

Mr. Reinhart reported that VPA advertised the MELP financing and public hearing, received Treasury Board approval, and received approval from the Navy and Federal Aviation Administration (FAA) on the height specifications for the cranes at NIT.

Chairman Milliken then provided an update from the Investment Committee meeting that was held on Monday. He explained that the Investment Committee meets several times throughout the year with investment and actuarial consultants to review the performance of the VPA and VIT defined benefit and defined contribution pension plans and to consider recommendations by the consultants.

Chairman Milliken noted that 2018 was a volatile year and that the pension plans' performance was consistent with market fluctuations and improved in some areas. The Chairman announced that no investment management changes were recommended, however, five investments were placed on "watch" for closer scrutiny going forward (see Investment

Committee actions/minutes). He reported that the Committee was advised by the actuary that the VIT pension plan was 93.5 percent funded and the VPA pension plan was 75.7 percent funded in accordance with generally accepted accounting principles (GAAP) through February 2019. The Chairman added that, from an IRS standpoint, the VIT plan is considered 75.6 percent funded.

Chairman Milliken announced that the Investment Committee will meet in September to review further information, which will include funding requirements.

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

I. Report of Finance and Audit Committee

Ms. Power announced that the Finance and Audit Committee met on Monday afternoon and she provided a brief update on the following topics that were discussed:

Ship-to-shore crane procurement:

- The financing mechanism is now in place (MELP).
- Approvals from the Navy and FAA on height clearances have been received.
- A Letter of Intent has been provided to ZPMC to exercise the option for the purchase of two cranes.

FY20 budget preparations:

- Management provided the budget development plan, addressed major assumptions, and the timeline for delivering the final budget.
- In addition, the Finance and Audit Committee will hold a special meeting on April 23rd in Richmond (Commissioner Kim Scheeler's office) to address the draft budget in advance of the May Board and committee meetings.

Billing system and financial system projects:

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

Insurance coverage and pending real estate transactions:

- Management noted the insurance coverages and planned methodology in case of a ransomware type of attack.
- Addressed the status of two possible real estate transactions, one at Newport News Marine Terminal (NNMT) and one at the Portsmouth Marine Terminal (PMT).

2. VPA and VIT Consolidated Financial Reports for the month ended January 31, 2018 – Rodney W. Oliver, Chief Financial Officer

Mr. Oliver reported that operating revenues for the month of January were about \$100,000 short of budget expectations due to slightly lower volumes, however, there were additional loaded storage revenues. Operating expenses were \$400,000 below budgeted estimates due to lower volume and efficiencies in operations at the terminals as a result of additional capacity coming online at NIT and VIG. For the month, Mr. Oliver reported an operating income of \$362,000 versus a budgeted operating income of \$58,000. Change in net position for the month is (+)\$11.3 million versus (+)\$12.4 million budgeted which was attributed to the South NIT grant funds from the state (\$350 million total).

Mr. Oliver reported year-to-date financial results for the seven months ended January 31, 2019. He reported that operating revenues came in (-)1.2 percent below budget expectations and volume is about (-)3 percent below budget, which was offset by higher storage revenues. Operating expenses are \$4.1 million below budget (3.6 percent favorable variance).

Mr. Oliver explained that the difference between current and prior year is significant due to volumes which are 7.4 percent higher than last year.

Mr. Oliver announced that the Port is on its way to a profitable fiscal year-end, with a (+)\$1.6 million operating income for the seven months ended January 31, 2019, compared to a budgeted operating loss of (-)\$6.6 million. He added that the change in net position is in line with expectations during the FY19 budget preparations with a \$79.9 million change in net position that is substantially ahead of prior year.

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

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

1. Report of Growth and Operations Committee

Mr. McWhorter reported that the Growth and Operations Committee had detailed and informative discussions on several topics. He reported that Shawn Tibbetts, VIT President and

Chief Operations Officer, reviewed the OSHA Lost Work Day (LWD) rate. Those rates reflected an increase from FY18 and slight decrease from FY17. He noted that the Committee was also introduced to a safety measure reflecting OSHA total reportable incident rate that overall is ahead of the industry average for that measurement.

Mr. McWhorter explained that Mr. Tibbetts then provided the Committee with current events at NNMT and PMT with regard to stevedoring, container volume transition, and lay berth opportunities. Mr. Tibbetts reported on rail dwell time which improved to 44 hours, and the positive impacts that the Truck Reservation System (TRS) has had on turn times at both NIT and VIG. Mr. McWhorter reported that Mr. Tibbetts then reviewed the cost per lift and described construction progress to-date at NIT and VIG.

Mr. McWhorter announced that the Committee then received an in-depth and positive progress report on The Port of Virginia's confidential Strategic Growth Plan from Tom Capozzi, Chief Sales Officer. He added that Mr. Capozzi will share with the Board a little later today on the progress the Port has made in meeting its growth plan. Mr. McWhorter mentioned that the Growth and Operations Committee is updated periodically throughout the five-year plan.

Mr. McWhorter reported that Joe Ruddy, Chief Innovation Officer, explained the workings of Commercial Working Group and how it provides input and analytical recommendations. He then turned the meeting over to Mr. Tibbetts.

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

Mr. Tibbetts presented a photo of the VIG terminal build-out and pointed out the four new ship-to-shore cranes that were added to the crane assets on berth (total of 12). He announced that the ZPMC cranes are the largest cranes in the Western Hemisphere and that with the Board's approval the Port is planning to purchase two almost identical cranes for South NIT (photo). Mr. Tibbetts described crane specifications and advised that they will be able to service the ultra large container (ULCVs) at the newly expanded South NIT.

Mr. Tibbetts reviewed the OSHA lost work day (LWD) rates that consisted of soft-tissue injuries this year. He reported that there was a slight increase in LWDs from last fiscal year (1.98) to-date (2.53). Mr. Tibbetts mentioned that total reportable injuries over the last five years have shown a reduction in the rate of injuries year-over-year.

Mr. Tibbetts announced that the Port had its best February in the Port's history, handling 127,596 containers – an increase of +3.6 percent from the previous year – 35.3 percent of the

cargo was handled by rail. He affirmed the Port's intent on increasing rail handlings as outlined in the Strategic Growth Plan. Mr. Tibbetts reviewed rail versus gate/barge volumes for each of the marine terminals (NIT, PMT, VIG).

Mr. Tibbetts announced that rail dwell at NIT was 27 hours – the time it takes a container to go from ship to rail car. He said through the construction cargo volume has increased 5.1 percent at NIT and rail dwell time down and he commended the team. Mr. Tibbetts reported that VIG dwell average was at 47 hours and explained how the terminal was hampered by construction at the rail yard with only half the amount of track in operation, until the second rail bundle comes online. He also mentioned that PMT's rail dwell was high and again mentioned how cargo would be moved out of that facility.

Mr. Tibbetts reviewed gate turn-times at all three of the marine terminals and described how turn-times improved after the implementation of the truck reservation system (TRS) in addition to bringing on new capacity at NIT and VIG. Mr. Tibbetts announced that NIT averaged 42 minutes traditional and 47.3 minutes expanded turn-times in February and he said it was "best in class". VIT average traditional turn-time for the month was 46.3 with elevated volumes. He credited the work of VMA, Tidewater Motor Truck Association (TMTA) and beneficial cargo owners (BCOs) for helping improve turn-times at the gates and the fortitude of the Port team.

Mr. Tibbetts demonstrated on the **attached slides** the improvements in truck visits with turn-times over 2 hours, missed reservations, and traditional turn-times resulting in 80 percent of truck transactions currently under 60 minutes.

Mr. Tibbetts reported that Mr. Ruddy's team in the process excellence and continuous improvement divisions are working with vessel services and stevedores to look for ways to improve vessel productivity. He said there have been some improvements due to the new capacity and equipment purchases approved by the Board. Mr. Tibbetts emphasized the need to improve net crane moves per hour to 30 or above in order to improve productivity and turn the ships out faster for our customers.

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

Mr. Capozzi introduced the newest member of the sales team, Mr. Aaron Katrancha, Director of Breakbulk and Ro-Ro Sales, who recently served as Senior Port Development Manager with Norfolk Southern.

Mr. Capozzi reviewed the (**attached**) fiscal year statistics for the period July through February 2019, overall reflecting a 3 percent increase in total TEUs (twenty-foot equivalent containers).

He reported that POV handled 57,000 more TEUs over eight months with the drivers being import loads and export empties.

Mr. Capozzi reported that breakbulk tonnage is down, however, as reported in the Growth and Operations Committee, net tonnage is up (+)14 percent year-over-year by handling cargo at higher rates and more efficiently. Rail containers are down (-)1.9 percent but Mr. Capozzi said that there are opportunities to increase rail handlings.

Mr. Capozzi reported that Virginia Inland Port (VIP) containers increased (+)10.7 percent which is attributed to the return of Mercury Paper's import products. He reviewed the following: Business is up (+)6.6 percent with the Richmond, Baltimore and Philadelphia barge services, Richmond containers have increased to (+)26.5 percent, and truck volume remains strong with (+)4.2 percent growth. Ship calls are down due to the ULCVs and the consolidation of cargo.

Mr. Capozzi advised that vehicle units are down (-)32.8 percent due to the Nissan business decline in the Mid-Atlantic and the loss of overflow freight that POV had handled over Baltimore.

With regard to the rail initiative, Mr. Capozzi reported that sales just completed two contracts with ocean carriers that will increase rail volumes by 47,000 containers and represents an 8.5 percent increase over FY2018. He explained how POV sales is aggressively pursuing rail cargo and that the second rail bundle coming online at VIG will provide added capacity.

Mr. Capozzi announced new businesses anticipated for Richmond Marine Terminal as follows:

- Brother International and Bissell Distribution Centers will open in 2nd quarter 2019
- Scoular's \$2 million expansion for an on-terminal agricultural trans-load facility
- Second barge service with refrigerated capability going operational by 2nd quarter 2019

Mr. Capozzi mentioned that Port sales and economic development representatives were joined by VEDP and Hampton Roads Economic Development Alliance (HREDA) at the Retail Industry Leaders Association (RILA) conference. Mr. Capozzi described the Project Logistics Alliance Partnership that includes over 400 service-oriented organizations that specialize in large "project cargo" that moves in heavy-weight pieces such as power plant components, machinery. We are the only U.S. East Coast port associated with this organization and Mr. Capozzi mentioned that there is a break-bulk conference in Europe scheduled for May.

POV was highlighted at the Trans-Pacific Maritime (TPM) Conference and Mr. Capozzi thanked Marketing and Communications (MARCOMM) team and Ms. Lauren Creech, for assisting with preparations for the conference. Mr. Capozzi highlighted some of the TPM events that were took place such as a reception at a local brewery, dinner with high-level executives in the

maritime/logistics business and also a sail boat regatta. He thanked VMA for co-sponsoring the reception and dinner.

Mr. Capozzi announced that the Port Sales Team will be in Norfolk the week of May 6-10, to focus on training and aggressive market share capture and they will also attend the VMA International Trade Symposium.

Mr. Capozzi announced the rail expansion event that is planned for customers on May 31st, at Virginia International Gateway which will also coincide with The Port of Virginia's sponsorship of the Patriotic Festival in Virginia Beach.

Mr. Reinhart commended Mr. Capozzi on his presentation of the Strategic Growth Plan in the Growth and Operations Committee meeting and also complimented the sales team. It was mentioned that, in committee, Mr. Diamonstein had asked Mr. Capozzi to rate the sales team on a scale of 1 to 10 and that Mr. Capozzi replied 12.

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

Mr. Ruddy announced the new Assistant Operations Manager (AOM) Rotational Program in which an individual is assigned to POV's Process Excellence team for six-months. He explained that selected AOMs receive operations-based training which is an impactful improvement project to prepare them when they return to operations. Mr. Ruddy advised that the training provides AOMs with the necessary tools to prepare them in their day-to-day jobs. The individuals will receive formal training in LEAN and Six Sigma principals while focusing on an operations improvement project. Mr. Ruddy announced that the first person to join the training is Brent Rich whose first project involves vessel productivity at VIG. The program is expected to be a success with opportunities to train in other areas of the port.

Projects

Mr. Ruddy announced that the following projects are doing very well at this time and are on budget and on schedule with the exception of the NIT Vessel Auto Stow (training time) and Finance Projects-Billing (delayed roll-out due to fiscal year-end):

- VIG Phase II
- NIT Vessel Auto Stow
- NIT Optimization
- Finance Projects-Billing
- Finance Projects-PeopleSoft
- Business Intelligence
- IT Business Continuity

- RMG Refurbishment (rail-mounted gantries)

Mr. Ruddy provided an aerial photo showing the completion of Phase I at South NIT. He then described Phase 2 which consists of six stacks parallel versus perpendicular to the wharf and is scheduled to be complete in mid-September. He announced that the Project Team has had successful negotiations with the principal contractor for the re-phasing of SNIT which was done to protect the rail operations from disruption. Phase 3 will begin in May and Phase 4 will begin in September.

Mr. Ruddy described the progress on the VIG expansion project and presented an aerial photo of the nearly-completed terminal. He reported that Stack I was completed and turned over to operations and he described the work involved with refurbishing the original stacks (#14, #15, #16).

He reported that the VIG rail yard is due to be complete in June, on time and on budget, which will double rail capacity at the terminal. He announced that all four of the new ship-to-shore cranes are scheduled to be in operation by the end of March.

Mr. Ruddy explained a new marketing strategy that is being undertaken to target potential Port users throughout the country – primarily automotive components and manufacturing in the Mid-West. Direct links will be embedded in articles that will take the reader to The Port of Virginia website from which the sales team would then have qualified leads provided.

Mr. Ruddy then provided an update on POV's ISO-9001 (International Organization for Standardization) quality audit that began on March 25. Mr. Ruddy mentioned that the Port has been noted for two best practices and he emphasized that the ISO process is not just a certification to hang on the wall, it is becoming a cultural way of doing business at The Port of Virginia.

IV. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs reported that the VPA is in the process of defining its records management system and have partnered with consultants from IQ Business Group (IQBG) and he explained the steps that have been taken to date:

- Colleague interviews
- Laserfiche Utilization (repository for documents)
- Development Workshops
- Training
- Strategy and Roadmap

Mr. Bibbs described talent management initiatives and reported that POV just completed its mid-year review process of colleagues. He explained how the talent management process was expanded to include a mid-year review, a pulse survey, succession planning, and leadership development. The pulse survey is a preview of colleagues' input, who are randomly-selected, to get a feel for how the organization is doing, prior to the annual engagement survey.

Mr. Bibbs announced that the Aspiring Leadership Development Program (ALDP) currently has 19 colleagues enrolled in the program.

Mr. Bibbs then reviewed recruitment metrics (backfill/new positions), new hires by business units, new hire demographics, existing demographics, and training metrics.

V. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick announced the allocation of 600 new Customs and Border Patrol (CBP) agents and that the Congressional delegation is assisting POV to advocate for new officers. She announced that POV is 40 officers short of what is recommended for the volumes handled by our port and that we were able to fill 25 positions with the help of the CBP pilot program here in Hampton Roads.

Ms. Vick reported that the federal budget had funding for \$293 million dedicated to port infrastructure. She advised that the President's budget, which was just introduced, needed Congressional review/approval which included funding in the Work Plan for construction and engineering and design (E&D) of navigation projects. Out of \$8 million in funds, POV saw \$2.5 million towards our E&D for the Norfolk Harbor and Channel Deepening/Widening project. Ms. Vick noted that officials from the Office of Management and Budget (OMB) said it was a testament to the hard work we are doing to keep our project going forward. There were no new starts in the President's budget.

Ms. Vick advised that the goal to continue to push forward on the E&D of our project, close it out by this summer, and look for a new start in the Work Plan once Congress passes the budget.

Ms. Vick reported General Assembly actions this year and she thanked VMA for hosting Port Day and said it was good to be able to thank legislators for the investments they approved for NIT and VIG.

Ms. Vick reported that POV supported several legislative matters that included the ability to match Rail Enhancement Grant funds with federal funds, which passed. She explained that in

the past it had to be regional, local, or private funds but with the increase in federal funding for rail safety and infrastructure projects, POV wanted to leverage those funds for projects such as the central rail yard at NIT.

Ms. Vick announced that POV's Economic and Infrastructure Development Grant had a sunset of 2020 and the General Assembly approved legislation extending the date to 2025. She also reported that the General Assembly approved allocation of \$1 million to POV's host localities to evaluate site selection for economic development projects and that VEDP was allocated \$2 million to do a state-wide characterization for site selection, some of which has been ongoing.

Also approved by the General Assembly was \$2.7 million to increase the Virginia Jobs Investment Program and \$1 million to increase funding for enterprise zones.

Ms. Vick reported that Senator Vogel introduced a budget amendment to transfer 65 acres of the White Post Correctional Camp 7 area in Clarke County to POV, which is approximately five miles from the Inland Port. She advised that the team is doing a site assessment and working with the National Guard, who owns a parcel next to the 65 acres, to see if there is a way to reconfigure the site to have a contiguous parcel of land that POV can market for economic development opportunities in that area.

Ms. Vick reviewed progress-to-date on the Norfolk Harbor and Channels Deepening project that involved completion of the geotechnical and sediment sampling on the first element on the west side of the Chesapeake Bay-Bridge Tunnel (CBBT). Samples have been sent to the Environmental Protection Agency (EPA) and their concurrence is expected no later than June. The project also includes coordination with the CBBT Commission in order to provide a protective cover to make sure there is no risk of damaging the tunnel during the dredging construction.

Ms. Vick reported that POV has turned in specifications for the first constructible element to the Army Corps and expects completion of the review in the next 60 days and that advertising for the first element is scheduled for July with dredges in the water by January 2020.

Ms. Vick reported that the pavement resurfacing and fender repairs at Richmond Marine Terminal were completed on-time and on-budget and continuing repairs on the external bulkhead project which received \$1 million in Road Surface Transportation funds. She explained that the drop-lot project will be funded by the TPO through the Road Surface Transportation Fund and that POV asked to accelerate the project by one year.

Ms. Vick reported that the CMI crane rehabilitation has been completed and that the crane is in operation at NNMT.

At this time, Ms. Vick described the maintenance dredging project planned for NIT North which is a \$2.8 million project funded by the Harbor Maintenance Trust (HMT) fund. She presented Resolution 19-3 at this time for consideration by the Board.

Action: Upon motion by Ms. Strayhorn, seconded by Mr. Scheeler, the Board unanimously (8-0) approved the adoption of Resolution 19-3, authorizing the VPA to enter into a contract for maintenance dredging at Norfolk International Terminals (NIT) North.

Ms. Vick mentioned that dredging material from the project would be deposited at the Craney Island Dredged Material Management Area (CIDMMA).

Ms. Vick reported FY2019 Economic Development totals as follows:

- 36 Announcements
- More than 2.1 million square feet of space
- 2,396 Jobs
- Invested more than \$868 million

Since last Board meeting:

- 11 announcements
- 865,000 square footage
- 454 Jobs
- Invested over \$90.5 million

Ms. Vick announced that POV's Maritime Incident Response Team (MIRT) and Emergency Operations conducted a search and rescue forum with 178 attendees from 35 agencies utilizing 32 vessels for day and night rescue exercises.

Ms. Vick announced the following events:

- State of the Port Series – Front Royal (April 9), Richmond (April 10), Norfolk (April 11)
- October 13-16, 2019 – The Port of Virginia will host the American Association of Port Authorities Annual Convention in Norfolk, at Norfolk Hilton The Main

Ms. Vick mentioned that she and Mr. Jay Stecher hosted a reception at the AAPA convention in Washington, DC and POV has launched the registration site on our website. Ms. Vick added that the closing reception for AAPA will be on the USS Wisconsin.

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

In conclusion, Mr. Reinhart made the following remarks:

Mr. Chairman, Commissioners, Colleagues and Guests:

- Calendar Year 2019 is off to a good start. Our volume is up over 6 percent, our service delivery results continue to improve, our infrastructure projects are coming on line and we have pivoted to aggressively grow our business as capacity comes on line.
- We are accelerating economic development and coordinating well with VEDP, regional and local economic development groups.
- Our work to go wider, deeper and safer is progressing well and we are working to complete the Pre-construction Engineering Design (PED), advertise request for proposals (RFP) this summer with dredging to start in January 2020.
- In early April we will hold our State of the Port addresses in Front Royal on April 9th, Richmond on April 10th and Norfolk on April 11th, to provide our stakeholders an update on the POV and the great progress that is being made across the Port and Commonwealth. Thank you to Virginia Maritime Association and Hampton Roads Global Commerce Council.
- We have completed the required steps and will expand our MELP to facilitate the purchase of 2 new ship-to-shore cranes for NIT and additional container handling equipment.
- We are upgrading our financial and billing systems and completing our FY2020 budget for review and approval at the May board meeting.
- Preparations are underway for the October American Association of Port Authorities (AAPA) Convention which we are hosting here in Norfolk celebrating “Revolutionizing America’s First Port”.
- Our team is living our values, building our brand and delivering across the full spectrum of our operation and mission. I thank our colleagues, customers, partners and stakeholders for the trust and support as we execute the modernization plans of the POV.
- Challenges and uncertainty remain due to building while operating at ever increasing volumes and the risk of tariffs and trade uncertainty. Our team is focused and capable

and we will continue to deliver, build, compete and grow the POV as a primary gateway on the East Coast.

- 2 ultra-large container vessels (ULCVs) are at VIG today: CMA-CGM Adams and HL – Antwerpen Express. Next week there will be room for a third vessel when the new cranes are deployed.
- 3 vessels are currently at NIT – Momentum is growing! Thank you to Capt. Cofer and the Pilots.
- A ribbon-cutting to celebrate the completion of VIG is being planned for Tuesday, July 23rd after the board meeting.
- This is a 24/7 business with a great Team in place and 2019 is going to be a breakthrough year for The Port of Virginia.

Mr. Reinhart also mentioned that the Virginia Maritime Association Symposium and Banquet will be held on May 9th. And, the VPA Board will be introduced to electronic board books!

VII. Unfinished Business

Chairman Milliken announced that he and David White serve on the International Trade Committee of the Virginia Economic Development Partnership and that the Committee, with approval of the Partnership, is in the process of developing an International Trade Plan. The Chairman advised that he would provide a report to the Board as the project progresses.

VIII. New Business

There was no new business to report at this time.

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

Mr. David White announced that the VMA Symposium on May 9th will be a great program that will cover timely issues that are in the industry today such as new technologies, demurrage and detention, tariffs, truck reservation system, and The Port of Virginia's growth.

On behalf of the Board, Mr. McWhorter congratulated Mr. Reinhart who has been selected as an inductee into the 26th Annual International Maritime Hall of Fame. He announced that the induction ceremony will take place on May 8th in New York City (Grand Hyatt Hotel) and remarked that Mr. Reinhart is well-deserving of this prestigious honor.

There being no further business and no public comments, the meeting adjourned at 10:28 a.m.

Respectfully submitted,



Debra J. McNulty

Secretary to the Board

The next Public Session of the VPA Board is scheduled for Tuesday, May 21, 2019, at 9:00 a.m. Committee meetings are scheduled the day before on Monday afternoon, May 20.





VIRGINIA PORT AUTHORITY
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MEMORANDUM OF BOARD ACTION

To: Virginia Port Authority Board of Commissioners
From: John G. Milliken, Chairman of the Board of Commissioners
Faith B. Power, Chair of the Finance and Audit Committee
Date: March 25, 2019
Subject: Action taken pursuant to Bylaws Section 3.4.1: The Executive Director's authority to execute an Amendment to the Master Equipment Lease Agreement

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, amended and restated as of November 1, 2016, permits the Executive Director to enter into contracts, agreements or arrangements on the Authority's behalf in excess of \$2,500,000 without the written consent of the Board if the Executive Director has obtained the prior written consent of the Chairman of the Board and the Chairman of the Finance and Audit Committee.

The Authority acting by its Board of Commissioners (the "Board") has heretofore adopted Resolution No. 17-12 (the "Master Lease Resolution"), authorizing a Master Lease Financing Agreement (the "Master Lease") with Banc of America Public Capital Corp (the "Lessor") to implement a financing plan to finance the acquisition of up to \$37,000,000 in terminal operating equipment.

Action(s) Taken:

- The Authority has previously financed terminal operating equipment under a Master Lease in two separate financings in the aggregate principal amount of \$29,937,422.90, leaving a remaining balance of \$7,062,577.10 for additional equipment financings.
- The Authority desires to finance the acquisition of additional terminal operating equipment under the Master Lease with a total estimated cost in excess of the remaining balance, making it necessary to increase the amount of acquisition financing available by an additional \$30,000,000 and extend the term for an additional year to September 30, 2021.
- In furtherance of the proposed Master Lease Amendment, a TEFRA Hearing was duly noticed for February 14, 2019. There was no public comment.

- On February 15, 2019, pursuant to the Authority's Bylaws, Section 3.4.1, the Chairman of the Board and the Chairman of the Finance and Audit Committee executed Certificates of Approval and Consent delegating to the Executive Director the authority to approve the documentation required to evidence the increase in amount and extension of the Master Lease, execute and deliver such documentation and approve the aggregate principal amount, the term, the interest rates, the repayment provisions and other details thereof subject to the parameters specified. See *attached* Certificates of Approval and Consent.
- On February 25, 2019, the Treasury Board of the Commonwealth of Virginia approved a Resolution approving the plan of financing proposed by the Authority to increase the equipment funding amount and to extend the funding term of the Master Lease. See *attached* Treasury Board Resolution.

Conclusion:

- Pursuant to Section 3.4.1 of the Authority's Bylaws, on February 15, 2019 the Chairman of the Board and the Chairman of the Finance and Audit Committee provided written consent delegating to the Executive Director the authority to approve the documentation required to evidence the increase in amount and extension of the Master Lease, execute and deliver such documentation and approve the aggregate principal amount, the term, the interest rates, the repayment provisions and other details thereof subject to the parameters specified. This action was subsequently approved by the Treasury Board of the Commonwealth of Virginia.

**CHAIRMAN'S CERTIFICATE OF APPROVAL AND CONSENT
AUTHORIZING THE EXTENSION OF THE TERM AND INCREASE
IN AMOUNT OF A PREVIOUSLY APPROVED MASTER LEASE
EQUIPMENT FINANCING PROGRAM WITH BANC OF AMERICA
PUBLIC CAPITAL CORP FOR THE ACQUISITION OF TERMINAL
OPERATING EQUIPMENT IN THE AGGREGATE PRINCIPAL
AMOUNT UP TO AN ADDITIONAL \$30,000,000, AND
DELEGATING TO THE EXECUTIVE DIRECTOR OF THE
AUTHORITY RESPONSIBILITY FOR FIXING THE PRINCIPAL
AMOUNT, THE TERM, THE INTEREST RATES, THE REPAYMENT
PROVISIONS AND OTHER DETAILS THEREOF, AND
AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH
DOCUMENTATION IN CONNECTION THEREWITH.**

WHEREAS, the Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") has heretofore adopted Resolution No. 17-12 (the "Master Lease Resolution"), authorizing a Master Lease Financing Agreement (the "Master Lease") with Banc of America Public Capital Corp (the "Lessor") to implement a financing plan to finance the acquisition of up to \$37,000,000 in terminal operating equipment; and

WHEREAS, the Authority has previously financed equipment under the Master Lease in two separate financings in the aggregate principal amount of \$29,937,422.90, leaving a remaining balance of \$7,062,577.10 for additional equipment financings; and

WHEREAS, the Authority desires to finance the acquisition of additional equipment under the Master Lease with a total estimated cost in excess of the remaining balance, making it necessary to increase the amount of acquisition financing available thereunder and the term thereof; and

WHEREAS, the Master Lease by its terms permits an increase in the amount of acquisition financing thereunder in an amount up to an additional \$30,000,000 and permits the extension of the term of the procurement period for up to one year; and

WHEREAS, pursuant to Item C-40, Chapter 2 of the 2018 Virginia Acts of Assembly the General Assembly of the Commonwealth of Virginia has authorized the acquisition by the Authority of terminal operating equipment at a total cost of \$37,000,000, such amount is in addition to the \$37,000,000 previously authorized by the General Assembly in connection with the Master Lease; and

WHEREAS, payments made by the Authority pursuant to the Master Lease have been designated as Subordinate Obligations under the Resolution No. 16-9 (the "Bond Resolution") and, as such, subordinate as to payment from the Authority's Net Revenue to the Senior Obligations outstanding from time to time under the Bond Resolution; and

WHEREAS, Section 3.4.1 of the Authority's Bylaws, amended and restated as of November 1, 2016, permits the Executive Director to enter into contracts, agreements or

arrangements on the Authority's behalf in excess of \$2,500,000 without the written consent of the Board if the Executive Director has obtained the prior written consent of the Chairman of the Board and the Chairman of the Finance and Audit Committee.

WHEREAS, the Chairman of the Board and the Chairman of the Finance and Audit Committee have determined that it is necessary to delegate to the Executive Director the authority to approve the documentation required to evidence the increase in amount and extension of the Master Lease, execute and deliver such documentation and approve the aggregate principal amount, the term, the interest rates, the repayment provisions and other details thereof subject to the parameters established hereby.

NOW, THEREFORE, the Undersigned Chairman of the Finance and Audit Committee hereby approves and consents on behalf of the Board of the Authority, as follows:

Section 1. Authorization and Increase of Amount and Extension of Term.

(a) The Authority is hereby authorized to acquire additional equipment pursuant to the financing plan evidenced by the Master Lease in the principal amount up to an additional \$30,000,000 above the prior authorization under the Master Lease Resolution.

(b) As previously designated by the Board in the Master Lease Resolution, the Master Lease obligations will be Subordinate Obligations under the Bond Resolution.

Section 2. Terms of Extension. The Executive Director is hereby authorized, if the Authority's Financial Advisor shall so recommend, to:

(a) Extend the procurement period under the Master Lease for an additional one year from the September 30, 2020 initial termination date to September 30, 2021; and

(b) Provide for the interest portion of the payments made thereunder to be calculated using a rate per annum not to exceed 4.50% for tax-exempt lease payments and 6.0% for taxable lease payments.

Section 3. Approval of Documents. The Executive Director is hereby authorized to approve the form of the documentation required to evidence the increase and extension under the Master Lease herein authorized, including any amendments or modifications to the Master Lease and any related agreements. The execution and delivery of such documentation is hereby authorized.

Section 4. Official Intent. The Authority intends that the proceeds from the Master Lease be used to pay or reimburse the Authority for the payment of any expenditures made after the effective date of this authorization with regard to expenditures incurred in connection with the equipment. The execution of this Certificate confirms the "official intent" of the Authority within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

Section 5. Tax Covenant. The Authority covenants that it will comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that interest portion of the payments on tax-exempt lease payments made to the Lessor pursuant to the Agreement do not become includable in gross income of the Lessor for federal income tax purposes under the Code.

Section 6. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority are hereby ratified and confirmed. The officers and staff of the Authority 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 increase and extension Master Lease herein authorized.

Section 7. Treasury Board Approval. The Authority requests the Treasury Board of the Commonwealth of Virginia to approve the financing lease terms and structure in accordance with Section 2.2-2416.5 of the Code of Virginia of 1950, as amended. Staff is authorized and directed to apply for such approval.

Section 8. Effective Date. This authorization herein provided shall take effect immediately on the date hereof.

Date: February 15, 2019

By: Faith B. Parker

Name: Faith B. Parker
(Printed)

Title: Chairman of the Finance and Audit
Committee

**CHAIRMAN'S CERTIFICATE OF APPROVAL AND CONSENT
AUTHORIZING THE EXTENSION OF THE TERM AND INCREASE
IN AMOUNT OF A PREVIOUSLY APPROVED MASTER LEASE
EQUIPMENT FINANCING PROGRAM WITH BANC OF AMERICA
PUBLIC CAPITAL CORP FOR THE ACQUISITION OF TERMINAL
OPERATING EQUIPMENT IN THE AGGREGATE PRINCIPAL
AMOUNT UP TO AN ADDITIONAL \$30,000,000, AND
DELEGATING TO THE EXECUTIVE DIRECTOR OF THE
AUTHORITY RESPONSIBILITY FOR FIXING THE PRINCIPAL
AMOUNT, THE TERM, THE INTEREST RATES, THE REPAYMENT
PROVISIONS AND OTHER DETAILS THEREOF, AND
AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH
DOCUMENTATION IN CONNECTION THEREWITH.**

WHEREAS, the Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") has heretofore adopted Resolution No. 17-12 (the "Master Lease Resolution"), authorizing a Master Lease Financing Agreement (the "Master Lease") with Banc of America Public Capital Corp (the "Lessor") to implement a financing plan to finance the acquisition of up to \$37,000,000 in terminal operating equipment; and

WHEREAS, the Authority has previously financed equipment under the Master Lease in two separate financings in the aggregate principal amount of \$29,937,422.90, leaving a remaining balance of \$7,062,577.10 for additional equipment financings; and

WHEREAS, the Authority desires to finance the acquisition of additional equipment under the Master Lease with a total estimated cost in excess of the remaining balance, making it necessary to increase the amount of acquisition financing available thereunder and the term thereof; and

WHEREAS, the Master Lease by its terms permits an increase in the amount of acquisition financing thereunder in an amount up to an additional \$30,000,000 and permits the extension of the term of the procurement period for up to one year; and

WHEREAS, pursuant to Item C-40, Chapter 2 of the 2018 Virginia Acts of Assembly the General Assembly of the Commonwealth of Virginia has authorized the acquisition by the Authority of terminal operating equipment at a total cost of \$37,000,000, such amount is in addition to the \$37,000,000 previously authorized by the General Assembly in connection with the Master Lease; and

WHEREAS, payments made by the Authority pursuant to the Master Lease have been designated as Subordinate Obligations under the Resolution No. 16-9 (the "Bond Resolution") and, as such, subordinate as to payment from the Authority's Net Revenue to the Senior Obligations outstanding from time to time under the Bond Resolution; and

WHEREAS, Section 3.4.1 of the Authority's Bylaws, amended and restated as of November 1, 2016, permits the Executive Director to enter into contracts, agreements or

arrangements on the Authority's behalf in excess of \$2,500,000 without the written consent of the Board if the Executive Director has obtained the prior written consent of the Chairman of the Board and the Chairman of the Finance and Audit Committee.

WHEREAS, the Chairman of the Board and the Chairman of the Finance and Audit Committee have determined that it is necessary to delegate to the Executive Director the authority to approve the documentation required to evidence the increase in amount and extension of the Master Lease, execute and deliver such documentation and approve the aggregate principal amount, the term, the interest rates, the repayment provisions and other details thereof subject to the parameters established hereby.

NOW, THEREFORE, the Undersigned Chairman of the Board hereby approves and consents on behalf of the Board of the Authority, as follows:

Section 1. Authorization and Increase of Amount and Extension of Term.

(a) The Authority is hereby authorized to acquire additional equipment pursuant to the financing plan evidenced by the Master Lease in the principal amount up to an additional \$30,000,000 above the prior authorization under the Master Lease Resolution.

(b) As previously designated by the Board in the Master Lease Resolution, the Master Lease obligations will be Subordinate Obligations under the Bond Resolution.

Section 2. Terms of Extension. The Executive Director is hereby authorized, if the Authority's Financial Advisor shall so recommend, to:

(a) Extend the procurement period under the Master Lease for an additional one year from the September 30, 2020 initial termination date to September 30, 2021; and

(b) Provide for the interest portion of the payments made thereunder to be calculated using a rate per annum not to exceed 4.50% for tax-exempt lease payments and 6.0% for taxable lease payments.

Section 3. Approval of Documents. The Executive Director is hereby authorized to approve the form of the documentation required to evidence the increase and extension under the Master Lease herein authorized, including any amendments or modifications to the Master Lease and any related agreements. The execution and delivery of such documentation is hereby authorized.

Section 4. Official Intent. The Authority intends that the proceeds from the Master Lease be used to pay or reimburse the Authority for the payment of any expenditures made after the effective date of this authorization with regard to expenditures incurred in connection with the equipment. The execution of this Certificate confirms the "official intent" of the Authority within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended.

Section 5. Tax Covenant. The Authority covenants that it will comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that interest portion of the payments on tax-exempt lease payments made to the Lessor pursuant to the Agreement do not become includable in gross income of the Lessor for federal income tax purposes under the Code.

Section 6. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority are hereby ratified and confirmed. The officers and staff of the Authority 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 increase and extension Master Lease herein authorized.

Section 7. Treasury Board Approval. The Authority requests the Treasury Board of the Commonwealth of Virginia to approve the financing lease terms and structure in accordance with Section 2.2-2416.5 of the Code of Virginia of 1950, as amended. Staff is authorized and directed to apply for such approval.

Section 8. Effective Date. This authorization herein provided shall take effect immediately on the date hereof.

Date: February 15, 2019

By: _____

Name: _____

John G. Milliken
(Printed)

Title: Chairman of the Board

**RESOLUTION APPROVING AN INCREASE AND EXTENSION
OF AN EXISTING MASTER EQUIPMENT LEASE
PURCHASE PROGRAM FOR THE VIRGINIA PORT AUTHORITY AND
DELEGATING TO THE STATE TREASURER AUTHORITY TO
APPROVE THE TERMS THEREOF**

WHEREAS, the Treasury Board of the Commonwealth of Virginia (the "Board") is required, pursuant to Sections 2.2-2416 and 2.2-2417 of the Code of Virginia of 1950, as amended (the "Virginia Code"), to approve the terms and structure of financing arrangements, including financing leases, executed by or for the benefit of state agencies, boards and authorities, where payments are expected to be made by appropriations from the Commonwealth;

WHEREAS, on October 18, 2017, the Board by resolution previously approved a \$37 million master equipment lease/purchase financing program for the Authority with Banc of America Public Capital Corp pursuant to a Master Equipment Lease Agreement (the "Agreement"), after approval thereof by the Board of Commissioners of the Virginia Port Authority (the "Authority") by resolution 17-12 adopted on September 26, 2017 pursuant to authorization provided in the 2015 Virginia Acts of Assembly;

WHEREAS, the Authority has financed \$29.9 million in equipment under the Agreement and now desires to acquire additional equipment thereunder, the cost of which exceeds the remaining amount that may be funded, and to extend the term under which equipment may be acquired under the Agreement;

WHEREAS, the Agreement by its terms permits additional funding thereunder up to \$30 million and the extension of up to one year from September 30, 2020 to September 30, 2021 of the term under which equipment may be acquired with such funding;

WHEREAS, payments under the Agreement are to be paid from net revenues derived from the operation of the Authority's port facilities, which payments from net revenues are subordinate to payments on the Authority Port Facility Revenue Bonds and other Senior Obligations now in existence or to be issued under the Authority's master bond resolution, and such payments are also subject to appropriation by the Virginia General Assembly;

WHEREAS, under authority granted by the Bylaws of the Authority pursuant to written consents of the Chairman of the Board of Commissioners of the Authority and the Chairman of the Finance and Audit Committee, such officers have on behalf of the Authority Board authorized a First Amendment (the "Amendment") to the Agreement to permit the increase in funding thereunder in an amount up to \$30 million and the extension of the equipment acquisition period thereunder for up to an additional year to September 30, 2021, and delegated to the Executive Director of the Authority approval of the form of the Amendment and the final terms and details thereof within parameters established by the consents of such officers;

WHEREAS, pursuant to Item C-40, Chapter 2 of the 2018 Virginia Acts of Assembly, Virginia General Assembly has authorized the acquisition by the Authority of terminal operating equipment at a total cost of up to \$37 million, such authorization being in addition to the \$37 million authorized in 2015 Virginia General Assembly; and

WHEREAS, the terms and structure of the proposed financing are described in a Preliminary Financing Summary (the "Preliminary Financing Summary"), copies of which, together with copies of the Agreement and the Amendment, have been presented to this meeting and the members of the Board.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD THAT:

1. The plan of financing proposed by the Authority to increase the equipment funding amount and to extend the funding term under the Agreement pursuant to the Amendment as outlined in the Preliminary Financing Summary presented to this meeting, is hereby approved, subject to further approval by the State Treasurer pursuant to Section 2 of this Resolution.

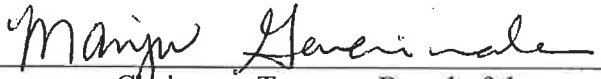
2. Pursuant to Section 2.2-2416(9) of the Virginia Code, the Board deems it proper and delegates to the State Treasurer authority to act for and on behalf of the Board and to take such action as the State Treasurer, in the State Treasurer's sole discretion, may deem necessary or appropriate to approve the final terms and structure of the Agreement as amended pursuant to the Amendment, *provided, however*, (i) the maximum amount of equipment that may be financed under the Amendment shall not exceed \$30,000,000, which amount is in addition to the amount authorized by the Board on October 18, 2017 (ii) the interest portion of lease payments thereunder may not exceed an annual rate of 4.50% for tax-exempt lease payments and 6.00% for taxable lease payments; and (iii) the term thereunder for acquiring equipment shall be not later than September 30, 2021. The Authority may enter into one or more leases under the Agreement as amended pursuant to the Amendment within the parameters herein established, and as is the case with lease payments under the Agreement as currently in existence, such lease payments made in connection with the Amendment shall be subject to appropriation by the Virginia General Assembly.

3. The State Treasurer is authorized to take such further action as is necessary to carry out the purposes and intent of this Resolution.

4. This Resolution shall take effect immediately upon its adoption, and shall remain in effect for a period of one year after the date of adoption.

The undersigned Chairman of the Treasury Board of the Commonwealth of Virginia certifies that the foregoing is a true and correct copy of a Resolution adopted by the Treasury Board at a duly called meeting held on February 25, 2019.

Date: February 25, 2019



Chairman, Treasury Board of the
Commonwealth of Virginia

RESOLUTION 19-2

A RESOLUTION APPROVING THE INCENTIVE COMPENSATION FOR JOHN F. REINHART, CEO/EXECUTIVE DIRECTOR OF THE VIRGINIA PORT AUTHORITY, BASED ON 2018 MANAGEMENT INCENTIVE METRICS

WHEREAS, §62.1-129 of the Code of Virginia states that the Virginia Port Authority Executive Director's compensation shall be fixed by the Virginia Port Authority Board of Commissioners in accordance with law; and

WHEREAS, §62.1-129 further states that the compensation shall be established at a level which will enable the Virginia Port Authority to attract and retain a capable Executive Director; and

WHEREAS, the Board of Commissioners and John F. Reinhart, Executive Director of the Virginia Port Authority ("Mr. Reinhart") entered into an Employment Agreement dated October 31, 2013 ("Employment Agreement"), which Employment Agreement was approved by the Governor on November 14, 2013; and

WHEREAS, a First Amendment to the Employment Agreement, approved on January 27, 2015, provides that the additional incentive compensation may be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan)) established pursuant to the Employment Agreement; and

WHEREAS, the Board of Commissioners and Mr. Reinhart entered into a Second Amendment to the Employment Agreement, dated July 25, 2017, extending Mr. Reinhart's employment through February 2022, which was approved by the Governor on September 7, 2017; and

WHEREAS, Mr. Reinhart's Employment Agreement with the Virginia Port Authority provides that the Board of Commissioners may grant Mr. Reinhart additional incentive compensation to a maximum amount of fifty percent of his then-effective Annual Base Salary, as defined in the Employment Agreement, provided Mr. Reinhart achieves certain performance goals and metrics set by the Board; and


WHEREAS, the Board of Commissioners established and approved the Management Incentive Metrics for Calendar Year 2018 for Mr. Reinhart on May 21, 2018; and

90 **WHEREAS**, the Board of Commissioners has determined that Mr. Reinhart has achieved percent of his Management Incentive Metrics for Calendar Year 2018.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Virginia Port Authority grants the Chairman of the Board the authority to approve payment of additional incentive compensation in the amount of 90 percent of fifty percent of Mr. Reinhart's Annual Base Salary, as defined in the Employment Agreement, effective March 27, 2019.

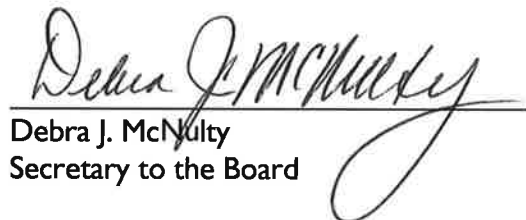
BE IT FURTHER RESOLVED, that the Chairman is authorized to determine the amount of the payment described above that will be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan) established pursuant to the Employment Agreement, and the remaining amount that will be paid to Mr. Reinhart.

PASSED AND ADOPTED this 26th day of March, 2019.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Secretary to the Board

RESOLUTION 19-3

AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO A CONTRACT FOR MAINTENANCE DREDGING AT NORTH NORFOLK INTERNATIONAL TERMINALS

WHEREAS, the Virginia Port Authority (the "Authority"), a body corporate and a political subdivision of the Commonwealth of Virginia, has been established pursuant to Chapter 10, Title 62.1 of the Code of Virginia of 1950, as amended (the "Act"); and

WHEREAS, 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 and issue revenue bonds therefore without pledging the faith and credit of the Commonwealth; and

WHEREAS, in furtherance of its powers and duty, the Authority intends to complete maintenance dredging of the berths and access channels at the marine terminal known as Norfolk International Terminals ("NIT"); and

WHEREAS, the North NIT dredging improvements will restore a posted depth of fifty (50) feet below mean low water, with two feet allowable over depth; and

WHEREAS, the North NIT dredging improvements will be funded from the US Army Corps of Engineers Harbor Maintenance Trust Fund through a Commonwealth Port Fund appropriation; and

WHEREAS, the Authority has issued an invitation for bids for the maintenance dredging at North NIT, whereby four bids were received; and

WHEREAS, the lowest responsive bid submitted by a responsible bidder, Norfolk Dredging, was for a project cost of up to two million eight hundred thousand dollars (\$2,800,000); and

WHEREAS, the Board has determined that it is appropriate to delegate to the Executive Director the authority to approve the final terms of, and execute and deliver, the contract for the North NIT maintenance dredging with Norfolk Dredging (hereinafter the "Norfolk Dredging Contract").

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

Section 1. Approval of Contracts. The execution and delivery of the Norfolk Dredging Contract by the Authority consistent with the foregoing Recitals is hereby authorized. The Board of Commissioners hereby authorizes the Executive Director to approve the form and content of, and to execute and deliver, the Norfolk Dredging contract on behalf of the Authority. The execution of the Norfolk Dredging Contract by the Executive Director shall be conclusive

evidence of the Authority's approval of the Norfolk Dredging Contract. The Board of Commissioners hereby authorizes the Executive Director to execute and deliver all ancillary documents which he deems necessary to further the intent of this Resolution.

Section 2. Ratification; Further Action. All actions previously taken by the Commissioners, officers and employees of the Authority in furtherance of the Norfolk Dredging Contract are hereby ratified and affirmed. The officers and employees 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 or proper in furtherance of the Norfolk Dredging Contract.


Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption. The Secretary of the Authority shall file this Resolution with the books and records of the Authority maintained according to Section 3.11 of the Authority's Bylaws.

PASSED AND ADOPTED this 26th of March 2019



John G. Milliken, Chairman

Attest:



Debra J. McNulty
Secretary to the Board



January 2019 Financial Report

Rodney W. Oliver
Chief Financial Officer

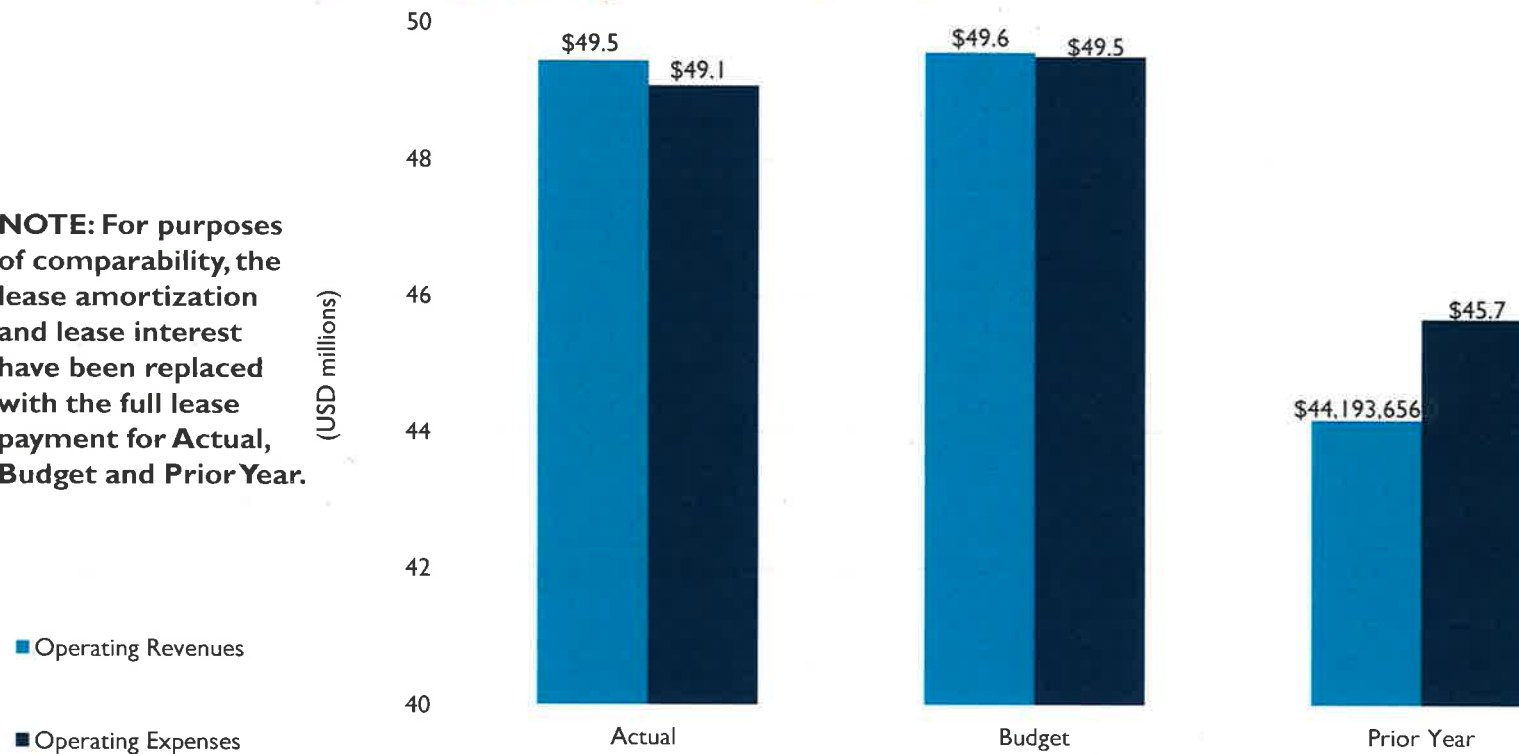
AGENDA

- January Financial Results

OPERATING REVENUES AND EXPENSES:

For the Month Ended January 31, 2019

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



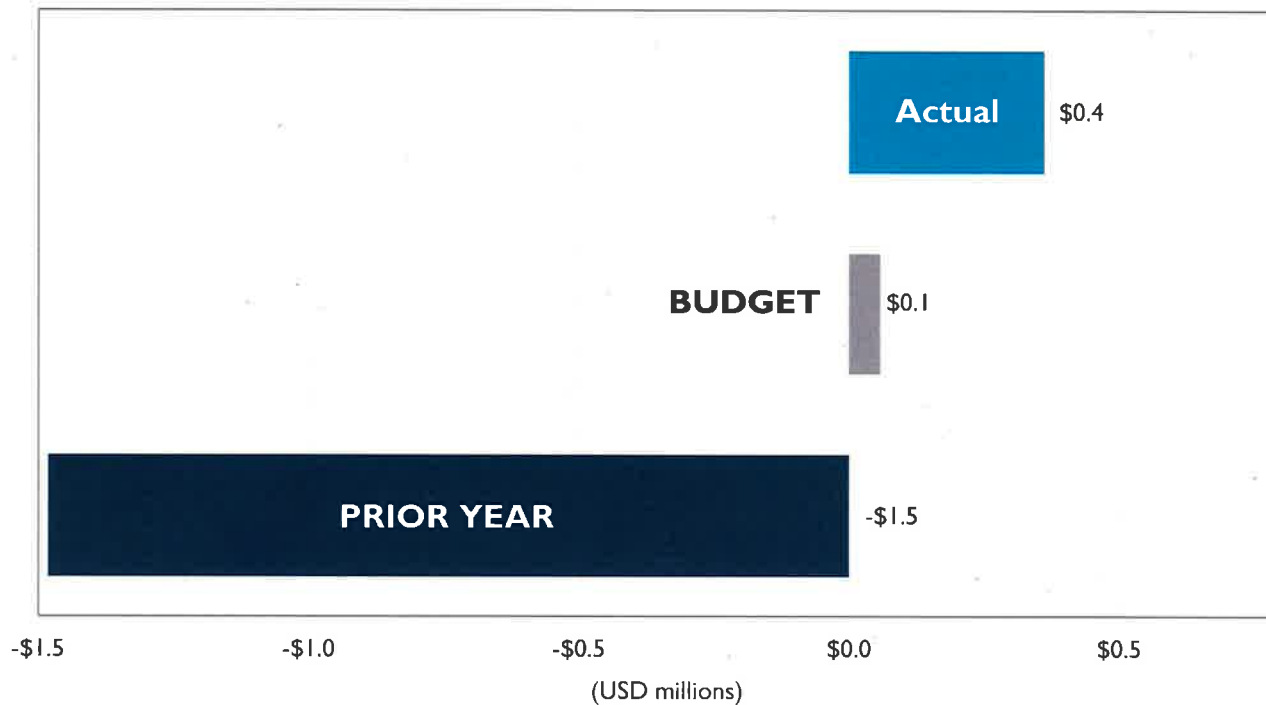
**THE PORT OF
VIRGINIA**

Stewards of Tomorrow

OPERATING INCOME (LOSS):

For the Month Ended January 31, 2019

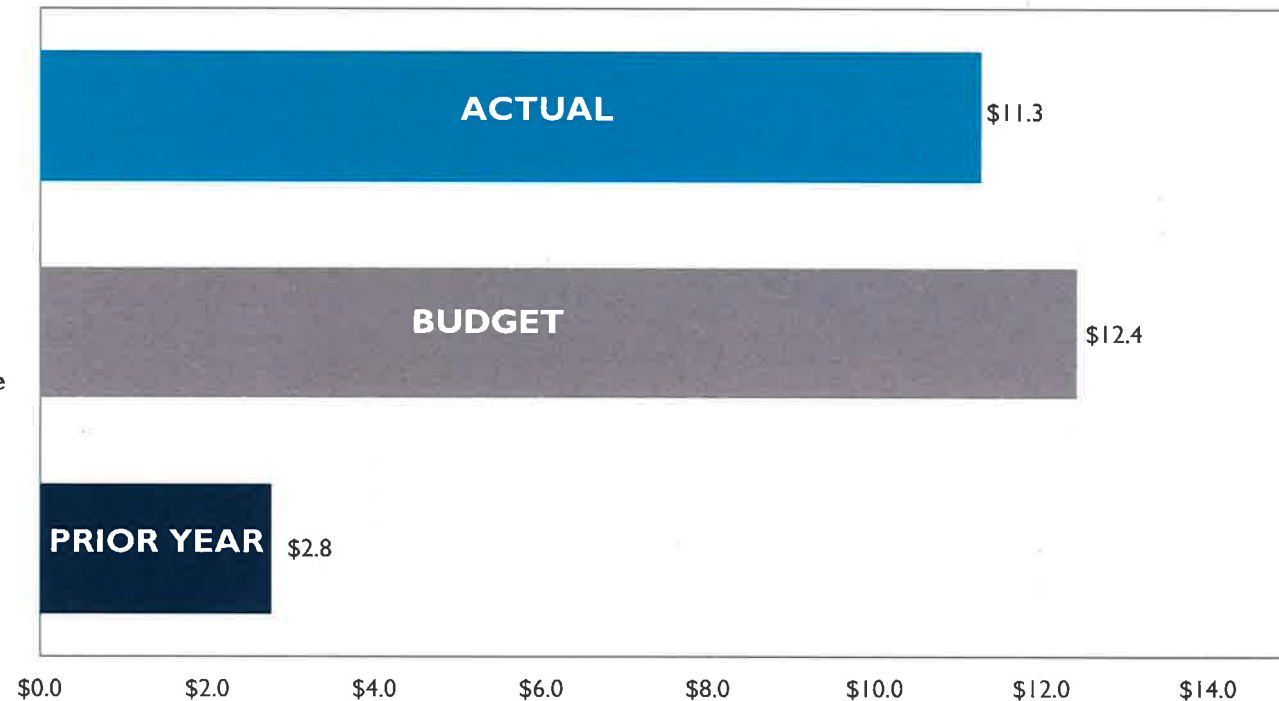
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



CHANGE IN NET POSITION:

For the Month Ended January 31, 2019

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:

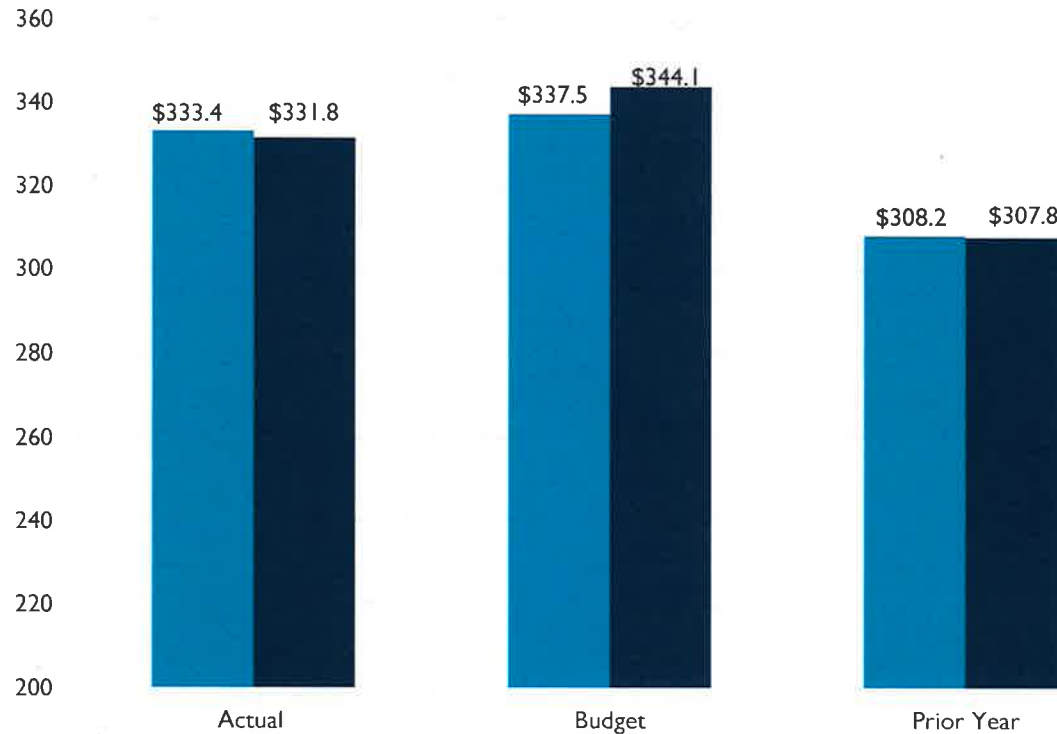
For the Seven Months Ended January 31, 2019

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

■ Operating Revenues

■ Operating Expenses

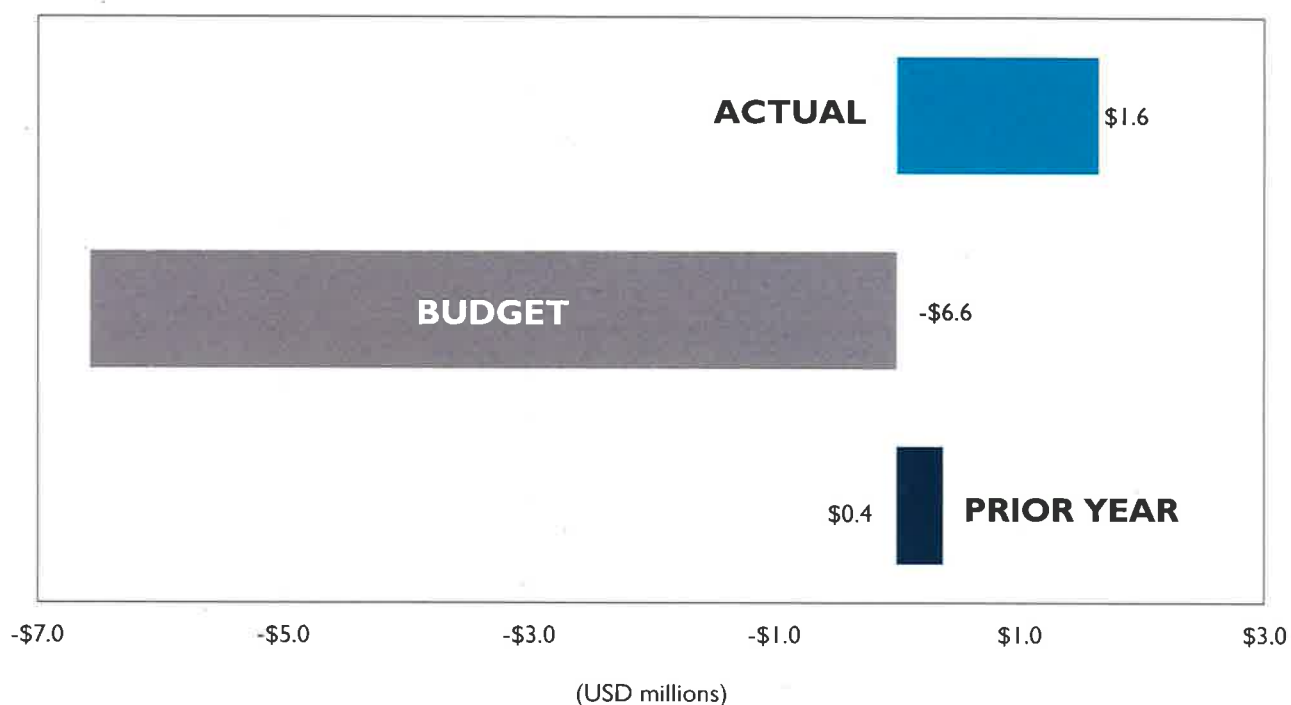
(USD millions)



OPERATING INCOME (LOSS):

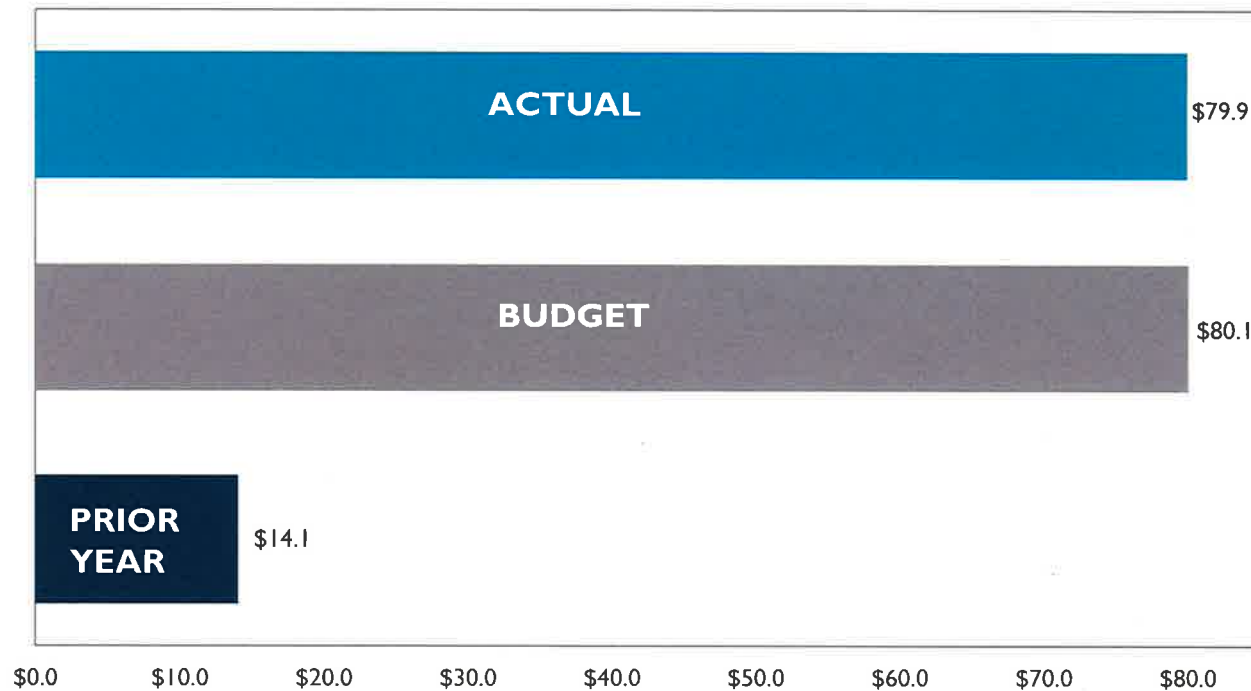
For the Seven Months Ended January 31, 2019

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.

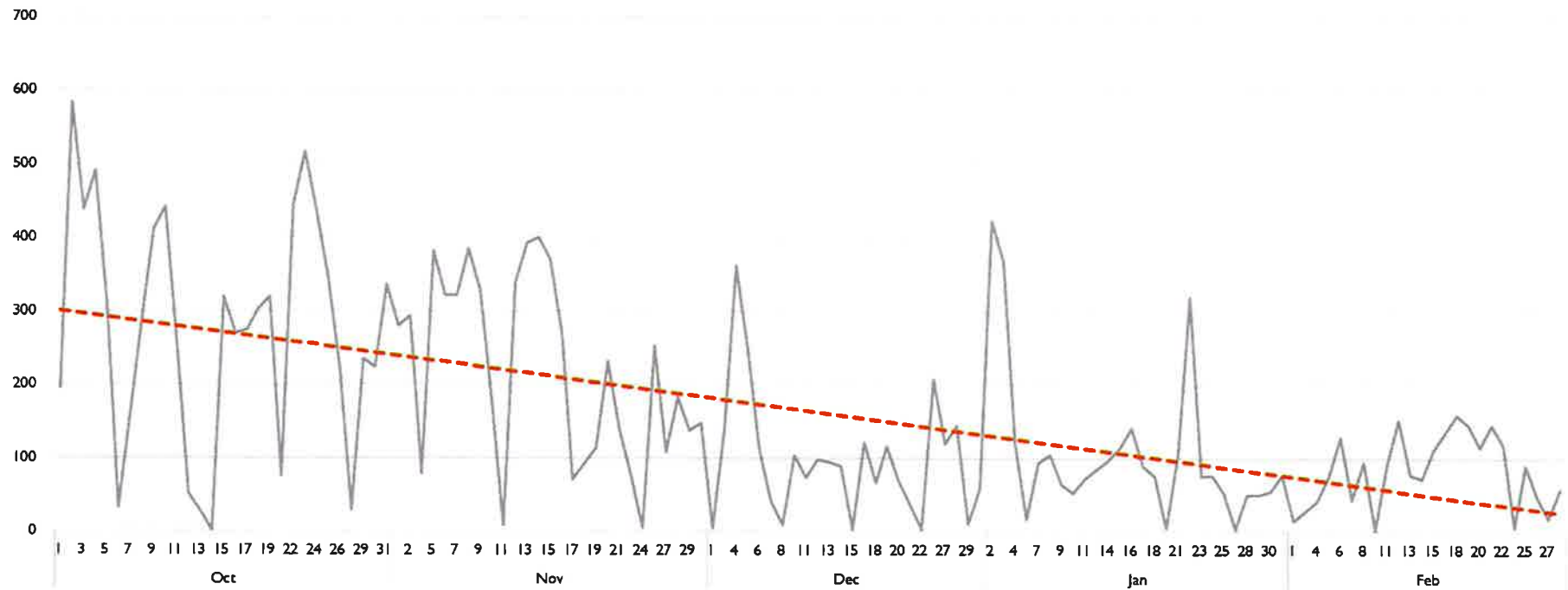


CHANGE IN NET POSITION: For the Seven Months Ended January 31, 2019

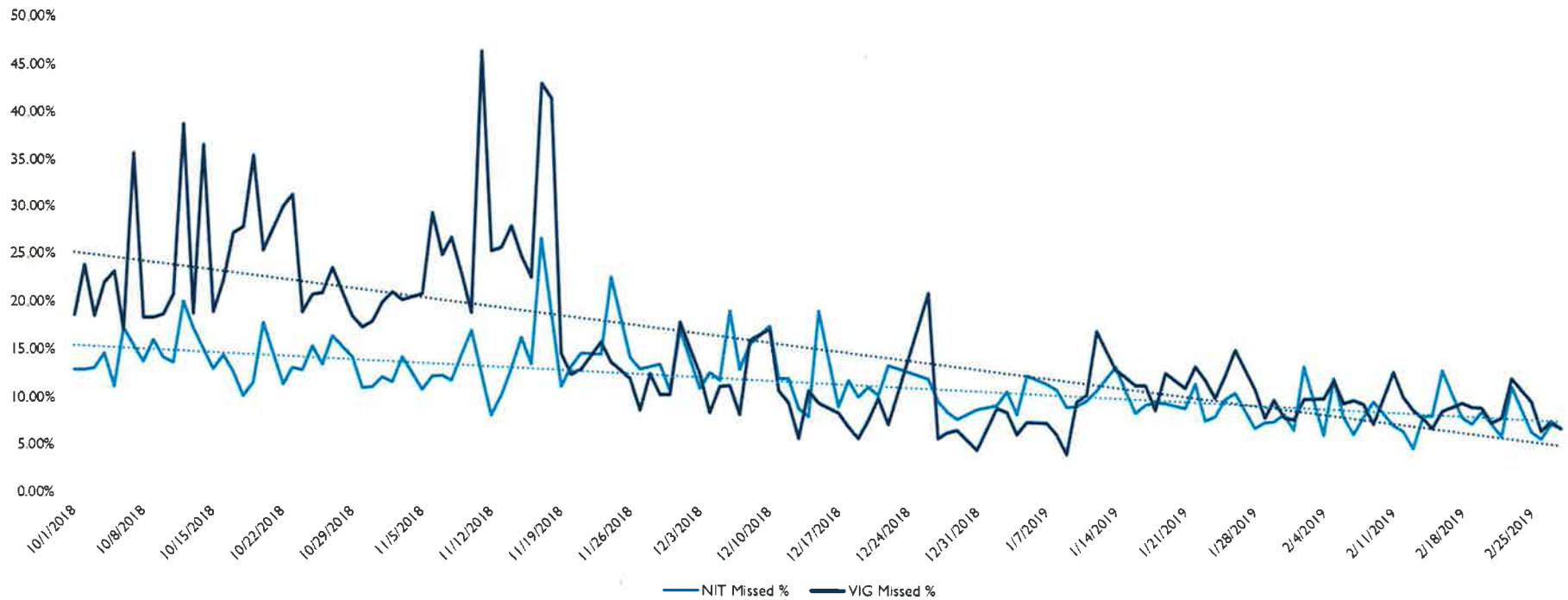
NOTE: For purposes of comparability, the lease amortization and lease interest have been replaced with the full lease payment for Actual, Budget and Prior Year.



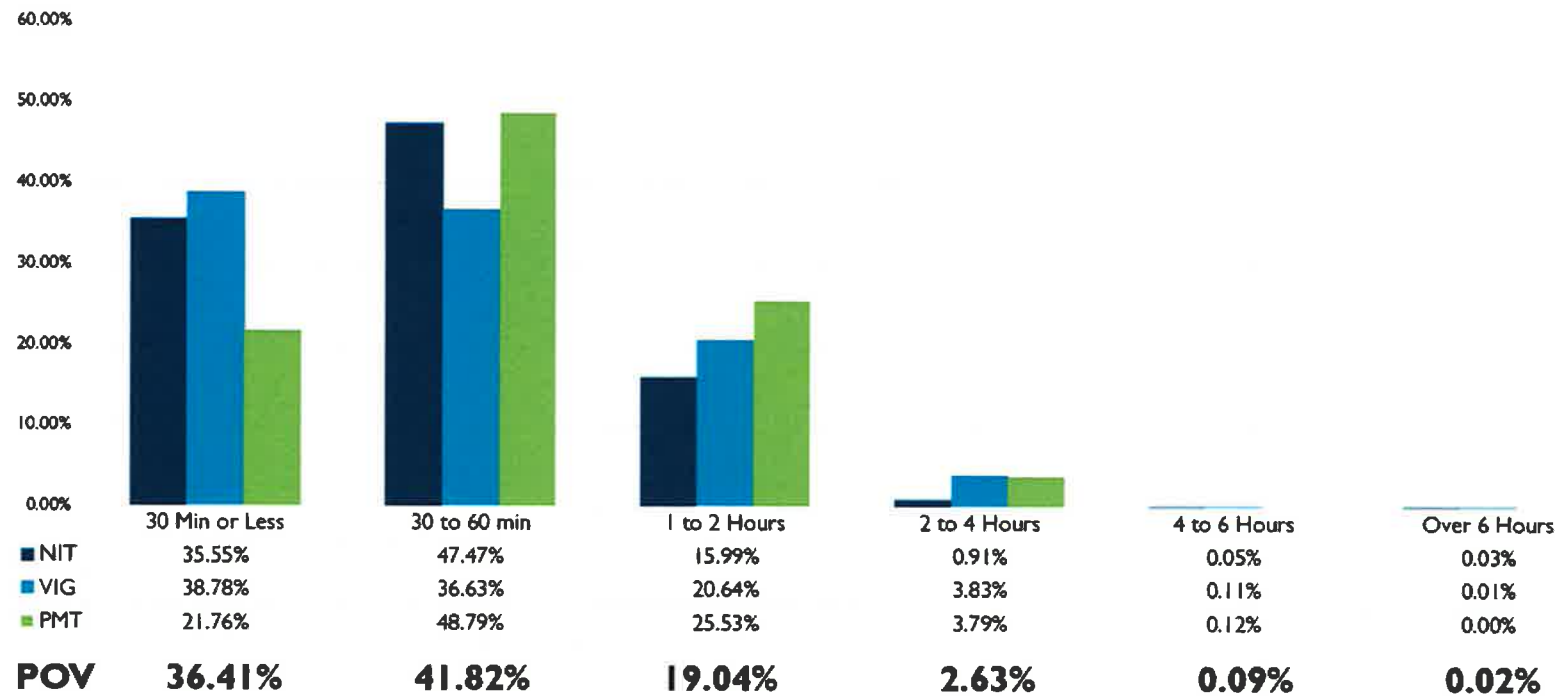
POV TRUCK VISITS WITH TURN TIME OVER 2 HOURS



MISSED RESERVATIONS



TRADITIONAL TURN TIME – FEB 2019



POV VOLUMES FYTD July – Feb 2019

	FY 2018	FY 2019	Change	% Change
Total TEUs	1,895,495	1,952,665	57,170	3.0%
Export Loaded TEUs	652,010	623,327	(28,683)	-4.4%
Export Empty TEUs	349,405	402,957	53,552	15.3%
Import Loaded TEUs	878,251	912,728	34,477	3.9%
Import Empty TEUs	15,829	13,653	(2,175)	-13.7%
Total Containers	1,073,918	1,096,960	23,042	2.1%
General Cargo Tonnage	14,509,188	14,403,152	(106,036)	-0.7%
Container Tonnage	14,380,588	14,283,994	(96,594)	-0.7%
Breakbulk Tonnage	128,600	119,158	(9,442)	-7.3%
Total Rail Containers	377,229	370,120	(7,109)	-1.9%
VIP Containers	24,255	26,846	2,591	10.7%
Total Barge Containers	33,120	35,290	2,170	6.6%
RMT Containers	17,469	22,090	4,621	26.5%
Total Truck Containers	663,569	691,550	27,981	4.2%
Ship Calls	1,141	1,066	(75)	-6.6%
Vehicle Units	24,474	16,454	(8,020)	-32.8%

RAIL EXPANSION EVENT AT VIG



PLEASE JOIN US IN CELEBRATING
The Port of Virginia's Rail Expansion

We have doubled our on-dock, double-stack rail capacity with four new, highly efficient cantilever rail-mounted gantry cranes (CRMGs).

May 31st at Virginia International Gateway
1:30PM arrival • 2PM Start

- Special guest speakers
- Demonstrations of the new CRMGs



THE PORT OF
VIRGINIA

Attendance is limited so make your plans now.

Email Lauren Creech at LCreech@VIT.org for questions or to RSVP

FY 2019 ECONOMIC DEVELOPMENT TOTALS

36 ANNOUNCEMENTS



**MORE THAN 2,100,000 SQ. FT.
OF SPACE**



**CREATED
2,396 JOBS**

**INVESTED MORE
THAN \$868 MILLION**



Source: POV Economic Development March 2019

SINCE LAST BOARD MEETING...

- Announcements: 11
- Square Footage: Over 865,000
- Investment: Over \$90.5 Million
- Jobs Created: 454



Cloverleaf Cold Storage