

MINUTES

ANNUAL MEETING - Board of Commissioners - Session 359

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
July 22, 2014

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its annual meeting on July 22, 2014, in the VPA’s Conference Room located at 600 World Trade Center, Norfolk, Virginia. VPA Board Chairman John G. Milliken called the meeting to order at 9:00 a.m.

The following were then in attendance:

Commissioners:

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

Commissioners Absent:

G. Robert Aston, Jr.
Martin J. Briley

VPA Staff:

John F. Reinhart, CEO/Executive Director
Rodney W. Oliver, Chief Financial Officer
James Bibbs, Chief Human Resources Officer
Cathie France, Chief Public Affairs Officer
James W. Noel, III, General Counsel
Russell Held, Senior Vice President, Business Development
Nina Malone, Vice President, Business Analysis & Strategy
Carla Welsh, Director of Creative Services
Joe Harris, Media/Public Relations Manager
Bevan Calo, Web Designer/Social Media Coordinator/Laserfiche Administrator
Debra J. McNulty, Clerk to the Board

Virginia International Terminals, LLC (VIT) Staff:

Joseph P. Ruddy, Chief Operations Officer

Thomas D. Capozzi, Chief Commercial Officer

Shawn Tibbetts, Vice President, Operations and Maintenance

Matthew Barnes-Smith, Vice President, Financial Planning & Analytics

Guests:

The Hon. Aubrey L. Layne, Jr., Secretary of Transportation, Commonwealth of Virginia

William W. Harrison, Jr., Williams Mullen (VPA Bond Counsel)

JoAnne Carter, The PFM Group (VPA Financial Advisor)

Art Moye, Executive Vice President, Virginia Maritime Association (VMA)

Robert McCabe, *The Virginian-Pilot*

Introductions

Chairman Milliken called the meeting to order and Mr. Ruddy conducted the safety briefing at this time.

The Chairman congratulated Mr. Pullen on his re-appointment to the Board and he welcomed Ms. Power, Ms. Waters, and Captain Cofer on their recent appointments. Biographical resumes of the new Commissioners were included in the agenda materials. Chairman Milliken also welcomed Mr. Dan Gundersen with VEDP who was in attendance on behalf of Commissioner Briley.

Secretary Layne welcomed the new Commissioners appointed by Governor McAuliffe and he spoke briefly about the Board's fiduciary responsibility and stated that their mission is to "make this the best Port possible".

Mr. Harris introduced guests in attendance. Mr. Robert McCabe, with *The Virginian-Pilot*, was present.

I. Election of Officers

Report of the Nominating Committee and Election of Officers for the year July 1, 2014 through June 30, 2015.

Nominating Committee
Val. S. McWhorter, Chair
Jennifer D. Aument
Gary T. McCollum

Pursuant to Article III of the Bylaws of the VPA, the Board shall elect a Chairman and a Vice Chairman and may elect from its membership or appoint from its staff a Secretary and a Treasurer. Officers for the year ending June 30, 2014 were:

Chairman	- John G. Milliken
Vice Chairman	- John N. Pullen

Treasurer	- Rodney W. Oliver
Secretary/Clerk	- Debra J. McNulty
Assistant Secretary/Deputy Clerk	- Jodie L. Asbell

At the request of Chairman Milliken, Mr. McWhorter submitted the following nominations to the Board: Mr. Milliken, for Chairman, and Mr. Pullen, for Vice Chairman. Mr. McWhorter reported that the Committee also recommended the reappointments of Mr. Oliver, Ms. McNulty, and Ms. Asbell to serve as Treasurer, Secretary/Clerk, and Assistant Secretary/Deputy Clerk, respectively.

Action: Mr. McWhorter made a motion to nominate Mr. Milliken as Chairman, and Mr. Pullen as Vice Chairman, and further moved that Mr. Oliver, Ms. McNulty, and Ms. Asbell be reappointed to their respective positions. The motion was seconded by Mr. McCollum. The Board closed the floor for nominations and, by an affirmative vote (9-0), elected the following officers for the fiscal year ending **June 30, 2015:**

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

Chairman Milliken thanked the Board for their support and stated that he looked forward to working with everyone.

II. Appointments to Standing Committees

Chairman Milliken reported that the Standing Committees would remain the same as announced at the May 27th meeting. (*The Finance Committee was renamed Finance and Audit Committee.*) The Chairman encouraged Board members to contact him if they have a preference to serve on a particular committee. A copy of the Standing Committee list is attached.

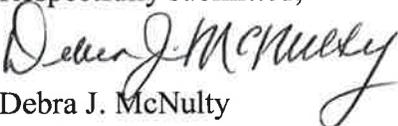
III. Other Business

There was no other business to report.

IV. Adjournment

There being no further business, the annual meeting adjourned at 9:10 a.m.

Respectfully submitted,



Debra J. McNulty
Clerk to the Board

MINUTES

Board of Commissioners - Session 360

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
July 22, 2014

The VPA Board held its regular meeting on July 22, 2014, in the VPA's Conference Room located at 600 World Trade Center, Norfolk, Virginia. Chairman Milliken called the meeting to order at 9:15 a.m.

The following were then in attendance:

Commissioners:

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

Commissioners Absent:

G. Robert Aston, Jr.
Martin J. Briley

VPA Staff:

John F. Reinhart, CEO/Executive Director
Rodney W. Oliver, Chief Financial Officer
James Bibbs, Chief Human Resources Officer
Cathie France, Chief Public Affairs Officer
James W. Noel, III, General Counsel
Russell Held, Senior Vice President, Business Development
Nina Malone, Vice President, Business Analysis & Strategy
Carla Welsh, Director of Creative Services
Joe Harris, Media/Public Relations Manager
Bevan Calo, Web Designer/Social Media Coordinator/Laserfiche Administrator
Debra J. McNulty, Clerk to the Board

Virginia International Terminals, LLC (VIT) Staff:

Joseph P. Ruddy, Chief Operations Officer
Thomas D. Capozzi, Chief Commercial Officer

Shawn Tibbetts, Vice President, Operations and Maintenance
Matthew Barnes-Smith, Vice President, Financial Planning & Analytics

Guests:

The Hon. Aubrey L. Layne, Jr., Secretary of Transportation, Commonwealth of Virginia
William W. Harrison, Jr., Williams Mullen (VPA Bond Counsel)
JoAnne Carter, The PFM Group (VPA Financial Advisor)
Art Moye, Executive Vice President, Virginia Maritime Association (VMA)
Robert McCabe, *The Virginian-Pilot*

I. Approval of Minutes

Action: At the request of Chairman Milliken, the minutes of the regular meeting held May 27, 2014, were unanimously approved as circulated.

II. Closed Session

At 9:20 a.m., Mr. Pullen read the following motion to go into closed session:

“I move that the VPA Board convene a closed meeting in accordance with the requirements of the Virginia Freedom of Information Act, pursuant to §2.2-3711(A)(38), and the provisions of §62.1-132.4, to discuss confidential proprietary information and data furnished to the VPA regarding its operational metrics and terminal operating system, annual budgets, sensitive financial data and information, including financing mechanisms and cash flows and balances, and confidential and protected information furnished to the VPA with respect to its marketing strategy; and pursuant to §2.2-3711(A)(5), to discuss prospective businesses or industries or the expansion of an existing business or industry at the VPA’s terminal facilities, specifically as the discussion relates to the Port’s facilities and optimization plan and volume and market metrics, including information regarding customer contracts, agreements, or information and information relating to tonnages and cargoes; and pursuant to §2.2-3711(A)(7), for consultation with legal counsel regarding specific legal matters requiring the provision of legal advice to review financial and legal documents, and sensitive marketing and commercial information concerning the corporate reorganization of VIT and VPA.”

The motion was seconded by Mr. McWhorter.

III. Open Session

At 9:25 a.m., the Board came out of closed session and the following resolution was read by Mr. McWhorter:

“WHEREAS, the VPA Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and WHEREAS, §2.2-3712 of the Code of Virginia requires a certification that such closed meeting was conducted in conformity with Virginia law; NOW, THEREFORE, BE IT RESOLVED, that the VPA Board certifies that, to the best of each member’s knowledge, (i) only public business matters lawfully exempted from open meeting requirements under this chapter

were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered by the Board.”

The resolution was seconded by Mr. Diamonstein and passed by a roll call vote of the Board as follows:

Ayes: 9 (Aument, Cofer, Diamonstein, Ganeriwala, McCollum, McWhorter, Milliken, Pullen, Waters)

Nays: 0

Absent During Vote: 2 (Aston, Briley)

Absent During Meeting: 2 (Aston, Briley)

Note: Ms. Power and Mr. Scheeler are non-voting members.

IV. Reports of Committees

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

The Executive Committee had nothing to report.

B. Finance Committee – G. Robert Aston, Jr., Committee Chair

1. Report of the Finance Committee and Consideration of Resolution 14-7, authorizing amendments to documents relating to The Port of Virginia reorganization, as described in the resolution.

In the absence of Mr. Aston, the Finance Committee Vice Chair, Mr. McCollum, reported that the committee met yesterday and reviewed documents with regard to The Port of Virginia's reorganization. Mr. McCollum reported that the Finance Committee and Growth and Operations Committee also met jointly to discuss certain items relating to the Port's strategic and facilities use plan.

Mr. McCollum announced that the Finance Committee recommended unanimous approval of Resolution 14-7, for consideration by the full Board. At the request of Chairman Milliken, there were no questions or comments from the Board.

Action: Upon motion made by Mr. McCollum on behalf of the Finance Committee, seconded by Mr. McWhorter, the Board unanimously approved Resolution 14-7, authorizing amendments to the Service Agreement by and between the Virginia Port Authority and Virginia International Terminals, LLC, authorizing the provision of shared services to Virginia International Terminals, LLC and HRCP II, L.L.C., authorizing amendments to the Operating Agreements of Virginia International Terminals, LLC and HRCP II, L.L.C., and authorizing amendments to the Bylaws of the Virginia Port Authority.

2. Consideration of Resolution 14-8, authorizing a Treasury Loan

Mr. McCollum reported that the Finance Committee also recommended by unanimous consent to authorize the Executive Director, if necessary, to request a draw-down on the Treasury Loan, which is outlined in Resolution 14-8.

Mr. McCollum explained that the language in the resolution was revised in committee to include an approval provision requiring the Executive Director to first obtain written consent of the Chairman of the Board and the Chairman of the Board's Finance and Audit Committee prior to a drawn-down. Chairman Milliken stated that the approval would not require Board action. There were no questions or comments from the Board.

Action: Upon motion made by Mr. McCollum on behalf of the Finance Committee, seconded by Mr. Diamonstein, the Board unanimously approved Resolution 14-8 (as revised), authorizing a Treasury Loan (Authorization #2014-A12).

3. Consideration of Resolution 14-9, authorizing improvements at Portsmouth Marine Terminal (PMT) and expenditures from Commonwealth Port Fund (CPF) monies.

Action: Upon motion made by Mr. McCollum on behalf of the Finance Committee, seconded by Mr. Cofer, the Board unanimously approved Resolution 14-9, authorizing improvements at PMT and expenditures from CPF monies.

Chairman Milliken emphasized the importance of re-opening PMT and he commended Mr. Reinhart's initiatives.

It was reminded by Secretary Layne that he had requested two reports from management at the January 28, 2014 meeting - a financial action plan and a facilities overview. The Secretary reported that Mr. Reinhart and the VPA had fulfilled the reporting requirement and he commended management for their efforts.

4. VPA/VIT Combined Financial Reports

Mr. Oliver reviewed the consolidated income statement for the month ended May 31, 2014, and for the eleven months ended (FY14-July-May). A copy of the presentation is attached.

Secretary Layne spoke briefly about the recent economic effects on the General Fund and Transportation Trust Fund, for the Board's awareness.

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

Mr. Diamonstein reported that the Growth and Operations Committee met yesterday.

Mr. Ruddy presented the Operations Update and Port Safety, Environment and Security Overview, followed by Mr. Capozzi who presented the Commercial Update. A copy of their presentations is attached.

Chairman Milliken commented that the operations team is making exceptional progress. Ms. Aument commended the team on the implementation of the new N4 terminal operating system and she recommended that management do something to acknowledge the work of the N4 team.

Mr. Reinhart advised that there will be goals and targets included in the operations graphs.

Chairman Milliken asked Mr. Reinhart to look at exports to determine Virginia-based product versus transit cargo. The Chairman also mentioned the efforts being made to increase throughput at the Port of Richmond and the Virginia Inland Port.

V. Report by Chief Public Affairs Officer – Cathie France

Ms. France provided a Public Affairs Update that included Government/Community Affairs initiatives and projects. A copy of the presentation is attached. Ms. France reported that, in early August, Norfolk City Council is scheduled to consider the Port's request to extend hours on Hampton Boulevard for motor carriers. She described the Ports' public outreach efforts.

Ms. France offered to provide a copy of the budget briefing package to members of the Board. She explained that the TIGER grant will be used for the automated NIT North Gate.

Ms. France reviewed communications messaging efforts and described The Port of Virginia's Communications Policy that outlines the process for releasing internal and external communications.

Ms. France presented a preview of The Port of Virginia's new website that will be publicly released on August 4th. Secretary Layne suggested including a message from the Governor with regard to the importance of the Port. He asked Ms. France to work with the Deputy Secretary, Ms. Grindly Johnson, on the proposed language.

For the new members of the Board, Ms. France gave a brief overview of Craney Island and a discussion ensued.

Mr. Held presented the latest economic development announcements and he explained the "LogistXGames" that were held at the Ace Import Redistribution Center. Mr. Held announced that there is an event planned for Richmond on January 29, 2015.

VI. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs provided a brief update on the harmonizing of benefits between VPA and VIT. He advised that Human Resources is also conducting a review of each entity's pension plans. Mr. Bibbs reported that a Request for Proposals (RFP) was sent out on May 18th for health benefits which closed on June 23rd. He advised that final proposals are currently being reviewed and that a provider will be selected for 2015.

Mr. Bibbs announced recent hires - Director of Maintenance, Eric Casey, and Director of Government Affairs, Andrew Sinclair. He advised that the Port is in the process of hiring a Director of Finance, Director of Accounting, and Director of Risk Management.

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

Mr. Reinhart announced that the Senior Leadership Team has embraced change and is working diligently to deliver results, regain trust, and stop the losses.

Mr. Reinhart reported that he will be presenting The Port of Virginia values and a preview of the new website to POV colleagues tomorrow morning at an all-hands meeting.

As for safety, Mr. Reinhart advised that our goal is zero incidents by working with our colleagues to eliminate risk.

He thanked the Board for their confidence and stated that he looked forward to updating them on progress at the Port.

VIII. Unfinished Business

There was no unfinished business to report.

IX. New Business

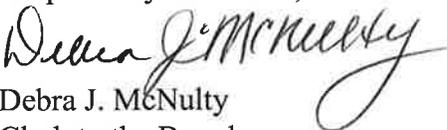
There was no new business to report.

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

Mr. Moye announced the passing of Jane Kremer Bray, wife of former VPA Executive Director (Emeritus), J. Robert Bray. Mr. Reinhart advised that a notice had gone out to all Port of Virginia colleagues on Monday morning.

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

Respectfully submitted,



Debra J. McNulty
Clerk to the Board

The next meeting of the VPA Board of Commissioners is scheduled for **Tuesday, September 16, 2014, at 9:00 a.m.**, in the Authority's Conference Room, 600 World Trade Center, Norfolk (rescheduled from September 23). Committee meetings will be scheduled on Monday, September 15. After September, the remaining VPA Board meeting for 2014 is scheduled for **November 18, at 9:00 a.m.** (rescheduled from November 25 due to Thanksgiving holiday) with committee meetings scheduled on Monday, November 17.

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

Resolution No. 14-7

RESOLUTION AUTHORIZING AMENDMENTS TO THE SERVICE AGREEMENT BY AND BETWEEN THE AUTHORITY AND VIRGINIA INTERNATIONAL TERMINALS, LLC, AUTHORIZING THE PROVISION OF SHARED SERVICES TO VIRGINIA INTERNATIONAL TERMINALS, LLC AND HRCP II, L.L.C., AUTHORIZING AMENDMENTS TO THE OPERATING AGREEMENTS OF VIRGINIA INTERNATIONAL TERMINALS, LLC AND HRCP II, L.L.C. AND AUTHORIZING AMENDMENTS TO THE BYLAWS OF THE AUTHORITY

The Virginia Port Authority (the "Authority") is the sole member of Virginia International Terminals, LLC ("VIT"), and as such has determined that various amendments to the existing Service Agreement by and between the Authority and VIT are necessary to reflect that relationship.

HRCP II, L.L.C. ("HRCP") is the wholly owned subsidiary of VIT.

The Authority desires to streamline the administration of VIT and HRCP in order to reduce cost and has determined that sharing administrative functions and services in the areas of accounting, purchasing, risk management and human resources will provide greater operational efficiency.

The Authority has determined that certain amendments are necessary to the operating agreements of VIT and HRCP and to the Authority's bylaws to reflect the reorganization of the Authority, VIT and HRCP.

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

Section 1. Amendment to Service Agreement. Pursuant to Section 1104 of Resolution 97-5 (as currently amended and restated), the Board hereby (i) approves the Amended and Restated Service Agreement, in the form presented to the Board at this meeting; (ii) authorizes the Executive Director of the Authority to execute and deliver the same with such changes, omissions and insertions as may be approved by the Executive Director, his execution of such Amended and Restated Service Agreement to be conclusive evidence of his approval of any such changes, omissions and insertions; and (iii) authorizes the Executive Director of the Authority to authorize and approve the execution of such Amended and Restated Service Agreement by the appropriate officers of VIT.

Section 2. Authorization of Shared Services. The Executive Director is hereby authorized (i) to execute and deliver an Agreement for Shared Services, such agreement to be in substantially the form presented at this meeting with such changes, omissions and insertions as may be approved by the Executive Director, his execution of such Agreement for Shared Services to be conclusive evidence of his approval of any such changes, omissions and

insertions; and (ii) to authorize and approve the execution of such Agreement for Shared Services by the Chief Operating Officer of VIT and the General Manager of HRCP.

Section 3. Amendment and Restatement of VIT and HRCP Operating Agreements. The Chairman of the Authority is hereby authorized to execute and deliver an Amended and Restated Operating Agreement of VIT, such Amended and Restated Operating Agreement to be in substantially the form presented at this meeting with such changes, omissions and insertions as may be approved by the Chairman, his execution of such Amended and Restated Operating Agreement to be conclusive evidence of his approval of such changes, omissions and insertions. The Chairman is hereby authorized to execute and deliver on behalf of the Authority, as sole member of VIT, the sole member of HRCP, a Second Amended and Restated Operating Agreement of HRCP, such Second Amended and Restated Operating Agreement to be in substantially the form presented at this meeting with such changes, omissions and insertions as may be approved by the Chairman, his execution of such Second Amended and Restated Operating Agreement to be conclusive evidence of his approval of such changes, omissions and insertions.

Section 4. Amendment and Restatement of Authority Bylaws. The Amended and Restated Bylaws of the Virginia Port Authority in the form submitted at this meeting are hereby approved. The Secretary of the Authority is hereby authorized and directed to spread same across the minutes of this meeting.

Section 5. Additional Action. 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 useful in connection with the adoption of this resolution, with and subject to the advice of counsel.

Section 6. Effective Date. This resolution shall take effect immediately upon its adoption.

[END OF RESOLUTION]

PASSED AND ADOPTED this 22nd day of July, 2014.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Clerk

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Resolution No. 14-8

RESOLUTION AUTHORIZING TREASURY LOAN (AUTHORIZATION #2014-A12)

The Virginia Port Authority (the “Authority”) acting by its Board of Commissioners (the “Board”) adopted Resolution No. 97-5 on May 27, 1997 (as previously amended and supplemented, (the “Bond Resolution”), which authorizes the Authority to issue Subordinate Obligations, without limitation as to amount, for any lawful purpose of the Authority, including paying Current Expenses and all or any part of the costs associated with the Projects or Port Facilities, payable from Net Revenues expressly subordinated in writing as contemplated by Sections 504(a)-4 and 504(b) of the Bond Resolution.

The Board has found and determined that it is in the best interest of the Authority to establish a Treasury Loan with the Commonwealth’s Department of Accounts in the principal amount of \$10,000,000 (the “Treasury Loan”) to ensure that sufficient cash is available to the Authority to meet future Current Expense obligations and debt service payments.

The Authority’s Executive Director submitted a Treasury Loan Request (DOA Form TL-01) dated June 2, 2014, and such request was approved (DOA Form TL-02) with an effective date of June 26, 2014 by the Comptroller of the Commonwealth on July 2, 2014, acting pursuant to Section 4-3.02.b., Chapter 1, 2014 Virginia Acts of Assembly.

The terms of the Treasury Loan are set forth on DOA Form TL-02 attached hereto and made a part hereof.

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

Section 1. Approval of Treasury Loan. The Board approves the Treasury Loan as set forth in DOA Form TL-02 attached hereto and made a part hereof. Interest on the Treasury Loan shall be determined by the State Treasurer using current market interest rates pursuant to Section 4-3.02.b.6., Chapter 1, 2014 Virginia Acts of Assembly. Repayment of the Treasury Loan shall be subordinate in payment from Net Revenues of the Authority and payable solely from monies on deposit in the special account of the Revenue Fund pursuant to Section 504(b) of the Bond Resolution. Provided the Executive Director has first obtained the written consent of the Chairman of the Board and the Chairman of the Board’s Finance and Audit Committee, the Executive Director is hereby authorized to draw on the Treasury Loan, and to execute and deliver Treasury Loan Authorization Takedown Request (DOA Form TL-03) for purposes of such draw(s), as shall be approved by the Chairman of the Board and the Chairman of the Board’s Finance and Audit Committee, to ensure that sufficient cash is available to the Authority to meet future Current Expense obligations and debt service payments.

Section 2. Ratification; Further Action. The actions previously taken by the officers and staff of the Authority with regard to the Treasury Loan 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 administration of the Treasury Loan.

Section 3. Other Definitions. All terms not otherwise defined herein shall have the meanings given to them in the Bond Resolution.

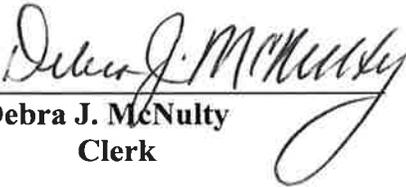
Section 4. Effective Date. This Resolution shall take effect immediately upon its adoption.

Passed and adopted this 22nd day of July, 2014.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Clerk

TREASURY LOAN DECISION BRIEF
Virginia Port Authority
Loan #2014-A12

Request: The Virginia Port Authority (VPA) is requesting a \$10,000,000 treasury loan to ensure sufficient cash is available in order to meet debt service payments.

Due Date: VPA will be granted an effective date of June 26, 2014 with repayment to occur no later than one year from the draw down on the Treasury Loan.

Discussion: In reviewing the CliftonLarsonAllen, Comprehensive Annual Financial Report for the year ended June 30, 2013, for VPA, no findings were noted.

Recommendation: Based on a review of the documentation provided and discussions with VPA, the Comptroller, by signing the attached DOA Form TL-02, should authorize a treasury loan of \$10,000,000 to the Virginia Port Authority, with an effective date of June 26, 2014.

Melinda Pearson 6/26/14
Preparer / Date

Assistant Director / Date

Director /Date

[Signature] 7/2/14
Assistant Comptroller / Date

Approve Approve w/modifications _____ Deny _____

[Signature]
David A. Von Moll, Comptroller

Date

**TREASURY LOAN AUTHORIZATION
DOA FORM TL-02**

Agency Name: Virginia Port Authority (VPA)

Agency Code: 407

Type of Loan: Anticipation of Special Revenues (Type 2B)

Cash Advance: Not available

Authorization Number: 2014-A12

Amount: \$10,000,000

Loan Terms: With Interest

Effective Date: June 26, 2014

Date to be Repaid: one year from draw down

Program/Project Code: 62607

Fund/Detail: 0200

Program/Project/Grant Title: VPA Debt Service for Port Facilities.

Purpose of Loan: To provide sufficient cash in order to meet debt service payments.

Repayment Source/Schedule: The loan will be repaid within one year from the draw down on the Treasury Loan.

Reference: Treasury Loan Request dated June 2, 2014, from John F. Reinhart, Executive Director, DOA Form TL-01, dated March 31, 2014 from John F. Reinhart, Executive Director.

Remarks/Conditions: For all funds recorded and maintained on the books of the State Comptroller that are required to earn and retain interest on cash balances, such funds shall not earn interest on that portion of the fund's cash balance that represents any outstanding loans.

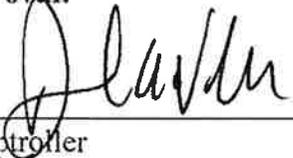
Authority: Section 4-3.02.b, Chapter 1, 2014 Virginia Acts of Assembly

Distribution:

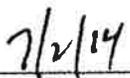
John F. Reinhart, Executive Director

Rodney W. Oliver, Chief Financial Officer

Approval:



Comptroller



Date

Resolution No. 14-9

RESOLUTION AUTHORIZING IMPROVEMENTS AT PORTSMOUTH MARINE
TERMINAL AND EXPENDITURES FROM COMMONWEALTH PORT FUND MONIES

The Virginia Port Authority (the "Authority") acting by its Board of Commissioners (the "Board") has found and determined that it is in the best interest of the Authority to reestablish container cargo operations at the Portsmouth Marine Terminal ("PMT").

To prepare PMT for container cargo it will be necessary for various improvements to be made to PMT along with the acquisition of various equipment (collectively, the "Project") which have been described to the Board by the officers of the Authority.

The officers of the Authority have estimated that the cost of the Project will not exceed \$7,000,000 and have represented to the Board that there are monies available to the Authority in the Commonwealth Port Fund to pay the required Project expenditures.

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

Section 1. Authorization of Project. The Board approves the Project and authorizes the officers and staff of the Authority to take such further action as they deem necessary to implement, complete and pay for costs of the Project. The Board hereby approves the expenditure of monies from the Commonwealth Port Fund not to exceed \$7,000,000 to pay for costs of the Project.

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

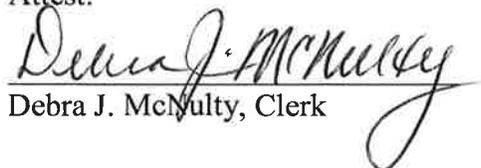
Section 3. Effective Date. This Resolution shall take effect immediately upon its adoption.

Passed and adopted this 22nd day of July, 2014.



John G. Milliken
Chairman

Attest:



Debra J. McNulty, Clerk

BYLAWS
Of the
Virginia Port Authority



Amended and Restated – July 22, 2014
Virginia Port Authority Board of Commissioners
Norfolk, Virginia

AMENDED AND RESTATED BYLAWS

of the

VIRGINIA PORT AUTHORITY

ARTICLE I

MISSION

SECTION 1.1 Mission. It shall be the duty of Virginia Port Authority (the “Authority”), on behalf of the Commonwealth of Virginia (the “Commonwealth”), to foster and stimulate the commerce of the ports of the Commonwealth and related facilities by serving as the United States Eastern Seaboard gateway for the global import and export of freight throughout the world, to promote the shipment of freight through the maritime and inland ports, to seek to secure necessary improvements of navigable tidal waters within the Commonwealth, and in general to perform any act or function that may be useful in developing, improving or increasing the commerce, both foreign and domestic, of all maritime and inland ports of the Commonwealth and related facilities.

ARTICLE II

OFFICES AND RECORDS

SECTION 2.1. Virginia Office. The Authority shall, in the Hampton Roads Area, have and maintain its principal office, the location of which shall be recommended by its CEO and Executive Director (the “Executive Director”) and approved by its Board of Commissioners (the “Board”), at which all of its records shall be kept, and from which its business shall be transacted.

SECTION 2.2. Other Offices. The Authority may, if necessary, establish a branch office or offices within or without the Commonwealth or the United States of America, in such locations as may be approved by the Board.

ARTICLE III

BOARD AND OFFICERS

SECTION 3.1. General Powers of the Board. All powers, rights and duties conferred by the Code of Virginia (the “Code”), or other provisions of law, upon the Authority shall be exercised by the Board. Without limiting the foregoing, the Board shall also have the exclusive power to hire and fire the Executive Director of the Authority and to approve the budget of the Authority.

SECTION 3.2 Board Makeup. The Board shall consist of those members as set forth in the Code.

SECTION 3.3 Officers. At each annual meeting of the Board, the Board shall elect from its membership a Chairman and Vice-Chairman and shall also elect from its membership, or appoint from its staff, a Secretary and Treasurer and prescribe their powers and duties. The Board may also appoint from the staff an Assistant Secretary and an Assistant Treasurer, who shall, in addition to other duties, discharge such functions of the Secretary and Treasurer, respectively, as may be directed by the Board. All officers of the Board, as long as they continue to serve as members of the Board or staff members, shall hold office until the next annual meeting of the Board or until their successors are elected or appointed and duly qualified.

3.3.1 Chairman. The Chairman shall preside at all meetings of the Board. The Chairman shall appoint the chairman, vice-chairman and members of all committees and subcommittees of the Board and shall, where required by statute or action of the Board, execute any documents or legal instruments on behalf of the Authority, and shall perform such other duties as the Board may from time to time direct. The Chairman shall see that the laws of the Commonwealth pertaining to the purposes and functions of the Authority are faithfully observed and executed.

3.3.2 Vice-Chairman. In the absence or disability, for any cause, of the Chairman of the Board, his or her duties shall be performed by the Vice-Chairman, who shall act in the Chairman's place and stead and shall, in addition, perform such other duties as are usually incumbent upon the Chairman of the Board.

3.3.3 Acting Chairman. In the event the offices of the Chairman and Vice-Chairman of the Board are both vacant, or in the event that the Chairman and Vice-Chairman of the Board are both unable to perform their duties by reason of illness, disability or absence, the Chairman of the Finance and Audit Committee shall become, ex officio, the Acting Chairman of the Board, and shall perform the duties of the Chairman of the Board. In the event that the Chairman of the Finance and Audit Committee is unable to perform his or her duties as Acting Chairman of the Board by reason of illness, disability or absence, the voting Board members shall select one of the voting members of the Board to serve as temporary Chairman of the Board.

3.3.4 Secretary. The Secretary shall be the custodian of all records and the Seal of the Authority and shall keep accurate minutes of all committee and subcommittee meetings, and the meetings of the Board. He or she shall, when required, certify copies of records of the Authority and shall execute legal instruments and documents on behalf of the Board when ordered to do so and affix the Seal of the Authority to same, and shall perform such other duties as may be directed by the Board.

3.3.5 Treasurer. Except as otherwise provided herein or as required by law, the Treasurer shall be responsible for all monies of the Authority from whatever sources received and for all securities in the possession of the Authority and for the deposit of such monies in the name of the Authority in a bank or banks approved by the Finance and Audit Committee, and he

or she shall be responsible for all disbursements of such funds for the purposes for which intended or as authorized or directed by the Board. The Treasurer shall be bonded and shall make periodic accountings for all such funds as determined by the Board, and the books and records shall be available for inspection by any member of the Board during business hours.

SECTION 3.4 Chief Executive Officer of the Authority. The Board shall appoint the Executive Director of the Authority who shall be the Chief Executive Officer of the Authority, who shall not be a member of the Board, and who shall serve at the pleasure of the Board. The Executive Director shall whenever possible be in attendance at all meetings of the Board and its committees. The Executive Director's compensation from the Commonwealth shall be fixed by the Board in accordance with law. This compensation shall be established at a level which will enable the Authority to attract and retain a capable Executive Director.

3.4.1 Powers and Duties. The Executive Director shall exercise such of the powers and duties relating to ports conferred upon the Board as may be delegated to him by the Board, including powers and duties involving the exercise of discretion. The Executive Director shall also exercise and perform such powers and duties as may be lawfully delegated to him, and such powers and duties as may be conferred or imposed upon him by law. Notwithstanding anything herein to the contrary, the Executive Director may not, without first obtaining the written consent of the Board, bind the Authority by entering into any contract, agreement or arrangement on the Authority's behalf in excess of \$1,000,000; provided, however, that the Executive Director may enter into a contract, agreement or arrangement on the Authority's behalf in excess of \$1,000,000 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.

3.4.2 Senior Leadership Team. The Executive Director shall employ or retain such other agents or employees subordinate and reporting to the Executive Director as may be necessary, including without limitation a Chief Financial Officer and a Director of Human Resources. The duties and functions of such agents and employees shall be established by the Executive Director and approved by the Board.

SECTION 3.5 Maritime Advisory Council. The Board may, at its discretion and from time to time, also form a Maritime Advisory Council, consisting of representatives from the maritime industry, to provide advice and counsel to the Board on all matters associated with the Authority with the exception of the annual budget and personnel matters.

SECTION 3.6 Regular and Annual Meetings of the Board. Regular meetings of the Board shall be held on the fourth Tuesday of January, March, May, July, September and November, unless otherwise previously agreed upon by the Board. Written notice of each regular meeting specifying the time and place of the meeting together with an agenda setting forth the items proposed to come before the Board at that particular regular meeting shall be given to members by mail or otherwise at least three (3) business days in advance of the meeting, but any other matters may be considered at the meetings in the Chairman's discretion. The annual meeting of the Board for the election of officers shall be held preceding the regular meeting of the Board in the month of July each year.

SECTION 3.7 Special Meetings. Special meetings of the Board may be called at any time by the Chairman or at the request of any five (5) members of the Board. Written notice of each special meeting specifying the time and place of the meeting and the purpose or purposes for which called shall be given to the members by mail or otherwise at least three (3) business days in advance of the meeting, but any other matters may be considered at the meeting by unanimous consent of those members present, whether or not specified in the notice.

SECTION 3.8 Time and Place of Meetings. Unless called by the Chairman to be held at another hour and place within the Commonwealth, annual, regular and special meetings shall be held at 11:00 a.m. in the Boardroom at the principal office of the Authority, of which notice shall be sent to the members.

SECTION 3.9 Quorum. A majority of the members of the Board, not counting any nonvoting ex officio members, shall constitute a quorum for the transaction of all business. Action by the Board shall be by simple majority vote of the voting members of the Board present and voting.

SECTION 3.10 Committees of the Board. There shall be two (2) standing committees of the Board: the Executive Committee and the Finance and Audit Committee. There shall be such other committees and subcommittees as may be established by the Chairman and approved by the Board. The chair of each standing committee shall be a voting member of the Board. Each committee and subcommittee shall consist of a chairman and vice-chairman and such other members as the Chairman of the Board shall appoint, but shall not consist of less than four (4) members. The Executive Committee shall consist only of voting members of the Board. Each committee and subcommittee shall perform the duties set forth in these Bylaws or conferred upon them by the Board. Each of the Chairman of the Board and the Vice-Chairman of the Board shall be an ex officio member of each committee and subcommittee. A quorum of any committee or subcommittee shall consist of a number equal to the majority of the appointed members, including those who serve as non-voting ex officio. Action by any committee or subcommittee shall be by simple majority vote of the members present and voting. All substantive votes taken by any committee, other than the Executive Committee, shall be reported to the Board for final action and recordation in the minutes of the Authority at the next regular meeting of the Board following such committee action. All substantive votes of the Executive Committee shall be reported to the Board for recordation in the minutes of the Authority at the next regular meeting of the Board following such Executive Committee action.

3.10.1 Executive Committee. The Executive Committee shall oversee the administrative operations of the Authority and may take such action on any matter not reserved for the Board as may be necessary to effectuate decisions of the Board. The Executive Committee shall support the Authority's policies with respect to federal, state and local legislative proposals pertaining to matters within the scope of the Authority's powers, functions and duties or otherwise affecting the ports of Virginia, its waters and adjacent lands. The Executive Committee shall also act in support of the Authority's recommendations concerning port charges, rules and practices in effect at the several ports in the Commonwealth or at ports in competition with the ports of the Commonwealth and otherwise assist in matters concerning the

uniformity of rates and practices at the Commonwealth's ports. The Executive Committee shall not have the authority to rescind or amend any action previously taken by the Board, or to fix or change the salaries or compensation for any executive positions or fill vacancies in its own membership; however, the Executive Committee shall, unless further restricted by resolution of the Board in creating or later limiting the authority of the Executive Committee, have and may exercise all other powers of the Board between meetings of the full Board as needed. All members of the Board shall be informed promptly of any action taken by the Executive Committee. In addition to its other responsibilities, the Executive Committee may make recommendations to the full Board for the filling of any executive positions.

3.10.2 Finance and Audit Committee. The Finance and Audit Committee shall consider and make recommendations on all questions relating to the financial affairs of the Authority, including but not limited to all revenues and operating expenses of the Authority, the financing of any capital improvements, the financing and administration of the Authority's retirement plans, and any other matters dealing with finance which the Board may from time to time refer to it. The Finance and Audit Committee shall approve all depositories used by the Authority. The Finance and Audit Committee shall also provide advice, information and recommendations to the Board on the Authority's financial reporting process, system of internal controls, audit process and the Authority's process for monitoring compliance with laws and regulations and the Authority's policies.

SECTION 3.11 Records. The Board shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board and such books of records and accounts as may be necessary for the proper conduct of the business of the Authority.

ARTICLE IV

MISCELLANEOUS PROVISIONS

SECTION 4.1. Fiscal Year. The fiscal year of the Authority shall begin on the first day of July and end on the thirtieth day of June of each year.

SECTION 4.2. Seal. The seal of the Authority (the "Seal") shall consist of two (2) sides, each having an ornamental border of dogwood blossoms with words and figures engraved on the obverse side as follows: three (3) ships identified as the "Godspeed", the "Susan Constant" and the "Discovery", and above the figures of the ships, the legend "Jamestown Landing 1607". Positioned circularly between the ornamental border and centered at the bottom shall be 1952. On the reverse side, the title "Virginia Port Authority" will appear as on the obverse, and within this circular lettering there will be figures of a seagoing merchant vessel, a railroad locomotive, a highway carrier and an aircraft. When impressed on official documents, the Seal shall be the obverse design and shall be two (2) inches in diameter. Reproductions of the Seal for other purposes shall be of such dimensions as may be appropriate.

SECTION 4.3. Waiver of Notice. Whenever any notice is required to be given under the provisions of the Code or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed

equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board or committee thereof need be specified in any waiver of notice of such meeting. A Board member's attendance at or participation in a meeting waives any required notice to him of the meeting unless at the beginning of the meeting or promptly upon such member's arrival, the member objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

SECTION 4.4. Amendment. These Bylaws may be amended by resolution duly adopted by the Board at any meeting, regular or special, provided that notice of intention to present such resolution shall be given at least three (3) business days in advance of the meeting at which the motion to adopt such resolution is to be made. Such notice may be given by any member of the Board or any committee or by the Secretary at the request of any member of the Board or any committee and shall be given in writing, mailed or delivered, to all members of the Board. The notice of intention to amend these Bylaws shall include the language of the suggested change together with a reference to the Article subject to the proposed amendment.

SECTION 4.5. Inconsistency. In the event of any inconsistency between these Bylaws and any provisions of the Code, the Code will govern.

(Amended and Restated Bylaws of the VPA-Adopted July 22, 2014)

VIRGINIA PORT AUTHORITY

(Committee Assignments effective July 22, 2014)

FY2015 STANDING COMMITTEES

Executive Committee

John G. Milliken, Chair
John N. Pullen, Vice Chair
G. Robert Aston, Jr.
Jennifer D. Aument
Alan A. Diamonstein

Finance and Audit Committee

G. Robert Aston, Jr., Chair
Gary T. McCollum, Vice Chair
Manju S. Ganeriwala (State Treasurer)
Kim Scheeler
Deborah C. Waters

Growth and Operations Committee

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

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



Board of Commissioners

Session 360

July 22, 2014

May 2014 Financial Report



Virginia Port Authority/Virginia International Terminals, LLC CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED MAY 31, 2014

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 34,201,488	\$ 32,852,937	\$ 1,348,551	4.1%

- *Operating revenue was 4.1% over budget, primarily due to an increase in miscellaneous revenues (demurrage, storage, refrigerated services, etc.)*

**Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
MAY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 34,201,488	\$ 32,852,937	\$ 1,348,551	4.1%
Operating Expenses:				
Terminal operations	16,399,621	14,465,479	(1,934,142)	-13.4%
Terminal maintenance	5,599,079	5,022,806	(576,273)	-11.5%
General and administrative	3,381,419	3,742,744	361,324	9.7%
Facility Rental	4,534,852	4,178,072	(356,780)	-8.5%
Depreciation and amortization	3,929,156	3,926,480	(2,676)	-0.1%
Total operating expenses	33,844,128	31,335,581	(2,508,547)	-8.0%

- **Total operating expense was \$2.5 million over budget**
- **Terminal operations expense was \$1.9 million over budget for the month, primarily due to volume mix and premium pay**
- **Terminal maintenance was up for the month due to increased maintenance related to additional SC's in operation**
- **Remaining expense categories combined to be in-line with budget**

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**Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
MAY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 34,201,488	\$ 32,852,937	\$ 1,348,551	4.1%
Operating Expenses:				
Terminal operations	16,399,621	14,465,479	(1,934,142)	-13.4%
Terminal maintenance	5,599,079	5,022,806	(576,273)	-11.5%
General and administrative	3,381,419	3,742,744	361,324	9.7%
Facility Rental	4,534,852	4,178,072	(356,780)	-8.5%
Depreciation and amortization	3,929,156	3,926,480	(2,676)	-0.1%
Total operating expenses	33,844,128	31,335,581	(2,508,547)	-8.0%
Operating income (loss)	357,359	1,517,356	(1,159,996)	76.4%

- **The higher than budgeted revenue was more than offset by higher than budgeted operating expenses resulting in an operating income of \$357 thousand or \$1.2 million below budget for the month of May**

4

**Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
MAY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 34,201,488	\$ 32,852,937	\$ 1,348,551	4.1%
Operating Expenses:				
Terminal operations	16,399,621	14,465,479	(1,934,142)	-13.4%
Terminal maintenance	5,599,079	5,022,806	(576,273)	-11.5%
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Facility Rental	4,534,852	4,178,072	(356,780)	-8.5%
Depreciation and amortization	3,929,156	3,926,480	(2,676)	-0.1%
Total operating expenses	33,844,128	31,335,581	(2,508,547)	-8.0%
Operating income (loss)	357,359	1,517,356	(1,159,996)	76.4%
Non-operating revenues (expenses)	(2,030,772)	(2,298,868)	268,097	11.7%
Capital contributions and transfers	3,178,041	3,244,518	(66,477)	-2.0%

- *Non-operating expenses consist primarily of interest expense which is lower than budget due to bond refundings and the negotiation of lower interest rates on MELPs and interest on investments*
- *Capital contributions consist primarily of Commonwealth Port Fund Revenue and was 2% lower than budget*

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**Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
MAY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 34,201,488	\$ 32,852,937	\$ 1,348,551	4.1%
Operating Expenses:				
Terminal operations	16,399,621	14,465,479	(1,934,142)	-13.4%
Terminal maintenance	5,599,079	5,022,806	(576,273)	-11.5%
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Facility Rental	4,534,852	4,178,072	(356,780)	-8.5%
Depreciation and amortization	3,929,156	3,926,480	(2,676)	-0.1%
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Operating income (loss)	357,359	1,517,356	(1,159,996)	76.4%
Non-operating revenues (expenses)	(2,030,772)	(2,298,868)	268,097	11.7%
Capital contributions and transfers	3,178,041	3,244,518	(66,477)	-2.0%
Increase (decrease) in Net Assets	\$ 1,504,629	\$ 2,463,006	\$ (958,377)	-38.9%

- *The overall results show an increase in Net Assets of \$1.5 million, which was \$958 thousand below budget*

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**Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
MAY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 333,181,490	\$ 335,463,350	\$ (2,281,860)	-0.7%

- ***Continued shift in volume mix towards rail, and additional incentives, contributed to lower than budgeted revenue***

7

**Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
MAY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 333,181,490	\$ 335,463,350	\$ (2,281,860)	-0.7%
Operating Expenses:				
Terminal operations	160,217,665	149,209,778	(11,007,887)	-7.4%
Terminal maintenance	57,113,263	54,534,560	(2,578,704)	-4.7%
General and administrative	40,222,869	40,980,942	758,073	1.8%
Facility Rental	47,869,761	45,958,792	(1,910,969)	-4.2%
Depreciation and amortization	43,389,787	43,353,319	(36,468)	-0.1%
Total operating expenses	348,813,346	334,037,391	(14,775,955)	-4.4%

- ***Terminal operations expense was \$11 million over budget mostly due to rail mix and higher than budgeted premium pay***
- ***Terminal maintenance was \$2.6 million over budget due to the reclassification of certain expenses from operations, and the age of equipment***
- ***General and administrative expense was slightly lower than budget***
- ***Facility rental was over budget due to a change in estimate***

8

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
MAY 31, 2014

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 333,181,490	\$ 335,463,350	\$ (2,281,860)	-0.7%
Operating Expenses:				
Terminal operations	160,217,665	149,209,778	(11,007,887)	-7.4%
Terminal maintenance	57,113,263	54,534,560	(2,578,704)	-4.7%
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Facility Rental	47,869,761	45,958,792	(1,910,969)	-4.2%
Depreciation and amortization	43,389,787	43,353,319	(36,468)	-0.1%
Total operating expenses	348,813,346	334,037,391	(14,775,955)	-4.4%
Operating income (loss)	(15,631,856)	1,425,959	(17,057,815)	1196.2%

- ***The combination of lower than budgeted revenue and higher than budgeted expenses have resulted in an operating loss of \$15.6 million or \$17.1 million below budget year to date***

9

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
MAY 31, 2014

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 333,181,490	\$ 335,463,350	\$ (2,281,860)	-0.7%
Operating Expenses:				
Terminal operations	160,217,665	149,209,778	(11,007,887)	-7.4%
Terminal maintenance	57,113,263	54,534,560	(2,578,704)	-4.7%
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Facility Rental	47,869,761	45,958,792	(1,910,969)	-4.2%
Depreciation and amortization	43,389,787	43,353,319	(36,468)	-0.1%
Total operating expenses	348,813,346	334,037,391	(14,775,955)	-4.4%
Operating income (loss)	(15,631,856)	1,425,959	(17,057,815)	1196.2%
Non-operating revenues (expenses)	(15,807,749)	(17,111,654)	1,303,905	7.6%
Capital contributions and transfers	33,593,320	35,689,698	(2,096,378)	-5.9%

- ***Non-operating expenses consist primarily of interest expense which is lower than budget due to bond refundings and negotiation of lower interest rates on MELPs***
- ***Capital contributions consist primarily of Commonwealth Port Fund Revenue which was approximately \$2.1 million below budget***

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**Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE ELEVEN MONTHS ENDED
MAY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 333,181,490	\$ 335,463,350	\$ (2,281,860)	-0.7%
Operating Expenses:				
Terminal operations	160,217,665	149,209,778	(11,007,887)	-7.4%
Terminal maintenance	57,113,263	54,534,560	(2,578,704)	-4.7%
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Facility Rental	47,869,761	45,958,792	(1,910,969)	-4.2%
Depreciation and amortization	43,389,787	43,353,319	(36,468)	-0.1%
Total operating expenses	348,813,346	334,037,391	(14,775,955)	-4.4%
Operating income (loss)	(15,631,856)	1,425,959	(17,057,815)	1196.2%
Non-operating revenues (expenses)	(15,807,749)	(17,111,654)	1,303,905	7.6%
Capital contributions and transfers	33,593,320	35,689,698	(2,096,378)	-5.9%
Increase (decrease) in Net Assets	\$ 2,153,715	\$ 20,004,003	\$ (17,850,288)	-89.2%

- ***The overall result is an increase in Net Assets of \$2.2 million which is \$17.9 million below budget***

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Thank you





THE PORT OF
VIRGINIA

Board of Commissioners

Session 360

July 22, 2014

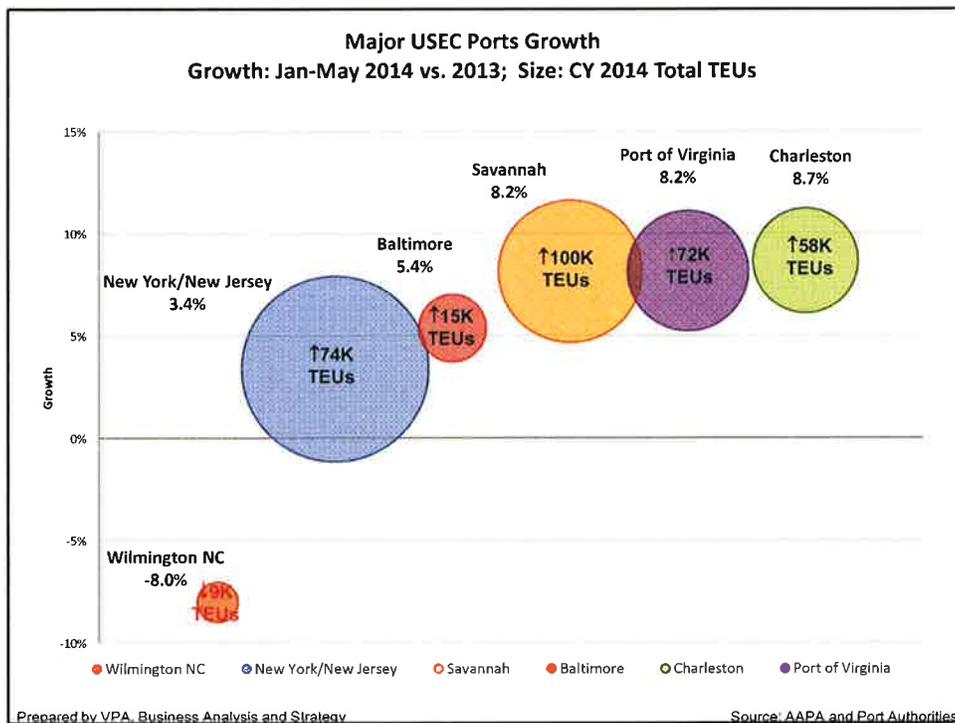
Commercial Update

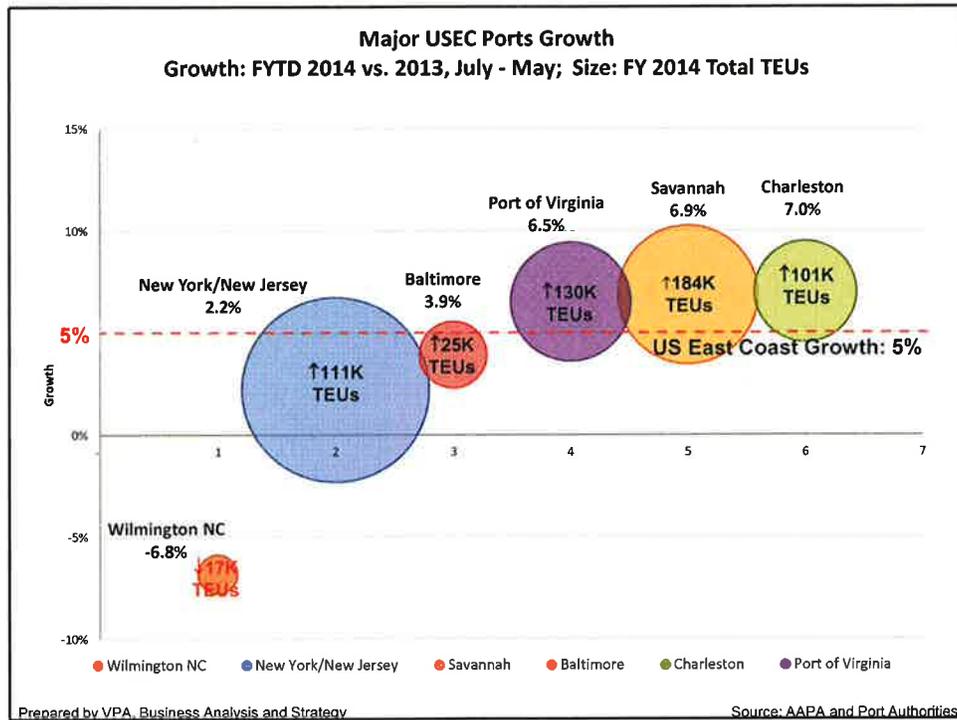


Tom Capozzi
Chief Commercial Officer

THE PORT OF VIRGINIA		2014 CY-to-date: January - June		
	CY14: Jan-Jun	CY13: Jan-Jun	% Change	
Total TEUs	1,136,654	1,054,275	7.8%	
Export TEUs	618,673	568,268	8.9%	
Import TEUs	517,981	486,007	6.6%	
Total Containers	649,754	605,165	7.4%	
General Cargo Tonnage	9,619,462	8,938,763	7.6%	
Container Tonnage	9,431,246	8,774,990	7.5%	
Breakbulk Tonnage	188,216	163,773	14.9%	
Total Rail Containers	221,282	204,891	8.0%	
VIP Containers	17,797	14,671	21.3%	
Total Barge Containers	25,458	23,529	8.2%	
Total Truck Containers	403,014	376,745	7.0%	
Ship Calls	941	927	1.5%	
Vehicle Units	19,056	12,980	46.8%	

 2014 Complete FY: July - June			
	FY14: Jul-Jun	FY13: Jul-Jun	% Change
Total TEUs	2,305,911	2,165,435	6.5%
Export TEUs	1,237,636	1,162,863	6.4%
Import TEUs	1,068,275	1,002,572	6.6%
Total Containers	1,319,500	1,242,777	6.2%
General Cargo Tonnage	19,521,003	17,981,371	8.6%
Container Tonnage	19,160,500	17,633,216	8.7%
Breakbulk Tonnage	360,503	348,155	3.5%
Total Rail Containers	447,285	410,947	8.8%
VIP Containers	35,305	31,537	11.9%
Total Barge Containers	50,033	53,514	-6.5%
Total Truck Containers	822,182	778,316	5.6%
Ship Calls	1,879	1,915	-1.9
Vehicle Units	34,254	34,534	-0.8%





Commodity Highlights - Gains

FY 2014 vs FY 2013, July-May

General Cargo imports:	+31K TEUs, up 222%
Grain, Soybeans and Feed exports:	+30K TEUs, up 50%
Plastic Product imports:	+8K TEUs, up 41%
Logs and Lumber exports:	+6K TEUs, up 12%

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Commodity Highlights - Reductions

FY 2014 vs FY 2013, July-May

Grocery Product exports:	(7K) TEUs, down 33%
Paper/Paperboard incl. Waste exports:	(6K) TEUs, down 7%
Non-alcoholic beverage imports:	(4K) TEUs, down 24%
Metal scrap exports:	(4K) TEUs, down 28%

7



New and Upgraded Shipline Services

- ZIM – ZCP: New Asia service with 4900-TEU capacity vessels; June 2013.

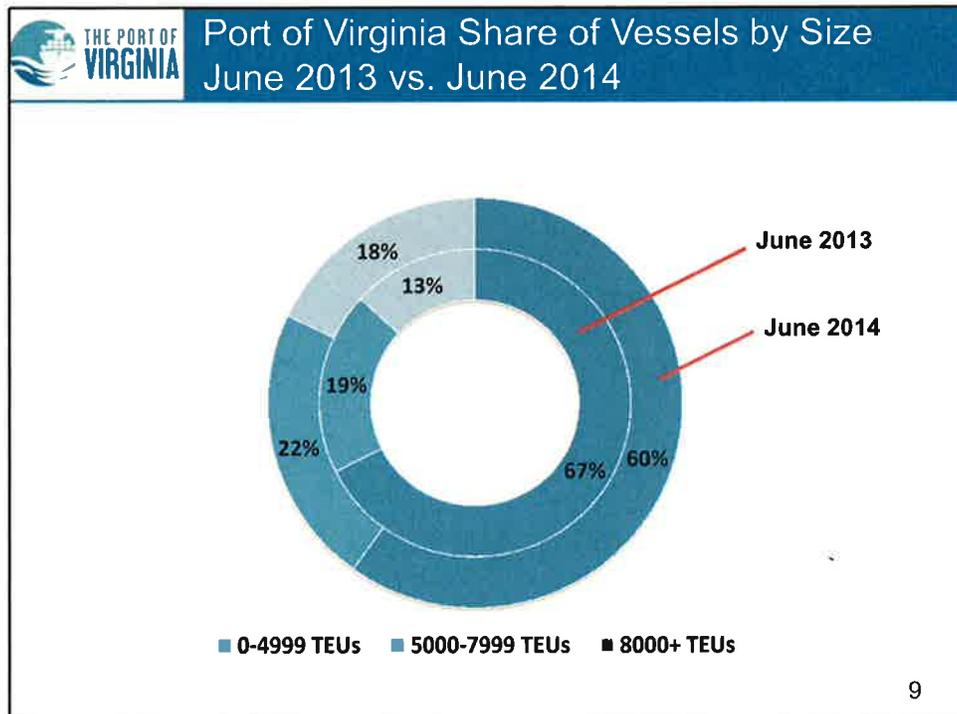

- CKYHE – AWE8: New Asia service with 8000-TEU capacity vessels; June 2014.


- G6-AX1: Increase vessel capacity in the Transatlantic from 5900 TEUs to 8600 TEUs;


- MSC – Indus Express: New Suez service with capacity of 3600 TEUs; July 2014.



8



THE PORT OF VIRGINIA Intercontinental Exchange Designation

- The Port of Virginia has been selected by the Intercontinental Exchange (ICE) to become a delivery point for the coffee “C” futures contract.
- This allows for owners of exchange-grade coffee stored in an exchange-licensed warehouse in the Port to make delivery against the futures contract using that coffee in the Port.
- Positive development for the Port of Virginia and coffee roasters in the area.

10

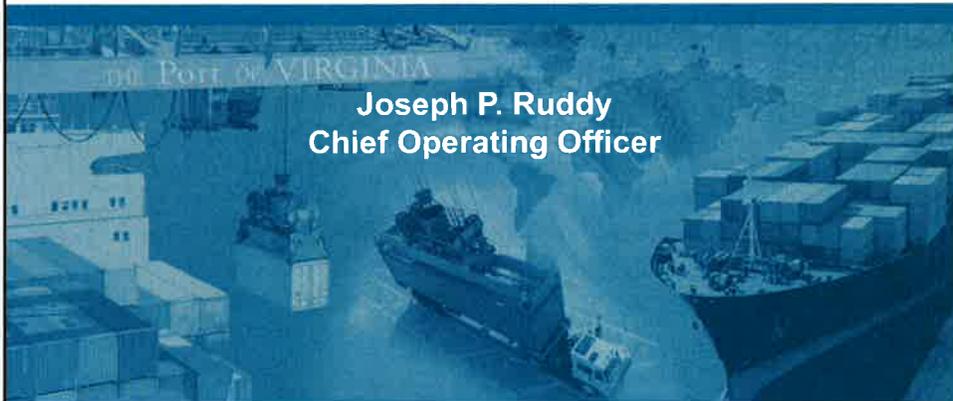


Board of Commissioners

Session 360

July 22, 2014

Operations Update



Joseph P. Ruddy
Chief Operating Officer



Agenda

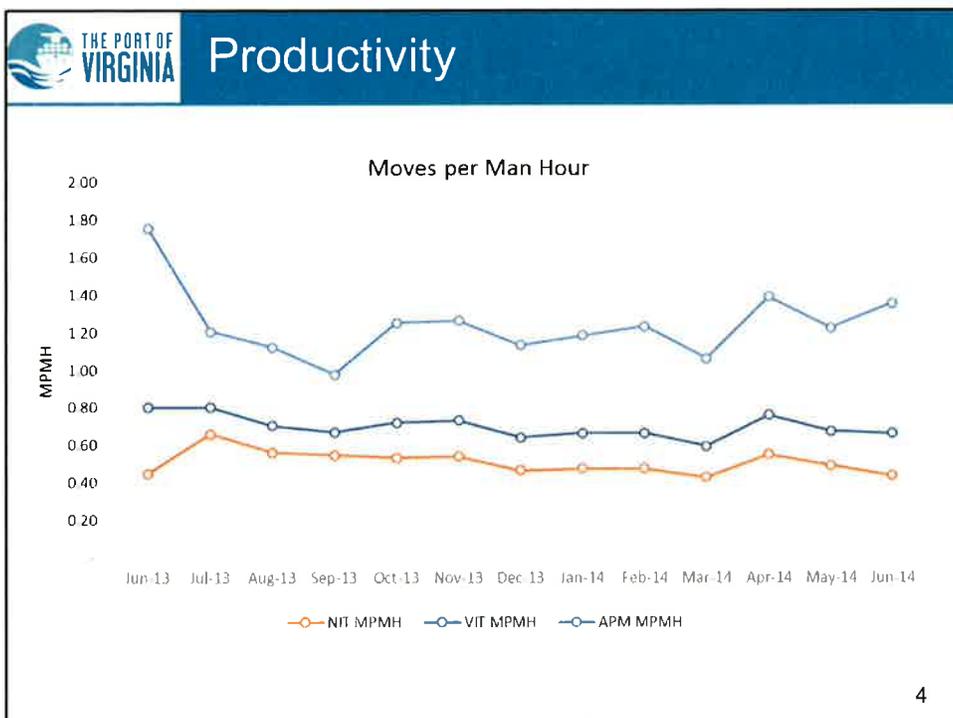
- Introduction
- Production
- Rail Operations
- Gate
- N4 TOS Implementation
- Future Changes



Overview

- As provided earlier, overall volume, specifically rail continue to increase
- Overall productivity remained stable
- The NIT rail optimization study has been implemented and consistent outputs. Some remaining infrastructure/ automation is required and currently in the process of being deployed
- Navis/N4 Terminal Operating System successfully went live on Saturday, June 21, 2014

3





Rail Operations

- Rail volumes as noted grew through May with a slight reduction seen in June. Outputs had stabilized prior to the introduction of N4
- Since N4 go live, rail dwell has increased for imports, export flow is unaffected
- Rail dwell has increased with volume since October. The combination of new conveyance and familiarity with N4 will improve this metric
- Terminal labor costs were stable with increasing rail volumes, demonstrating improved productivity

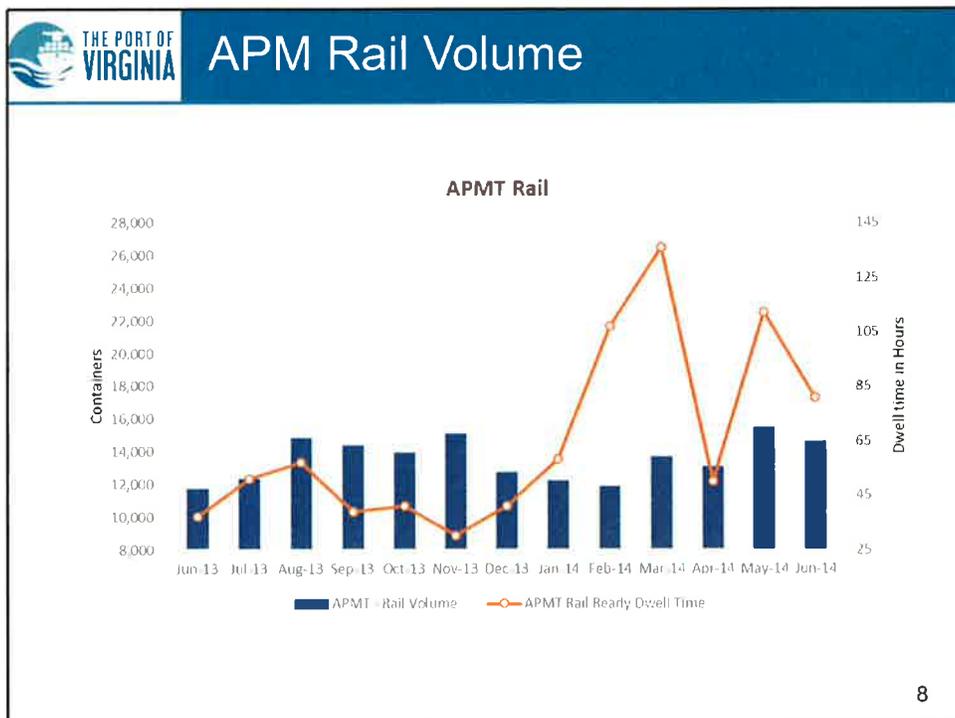
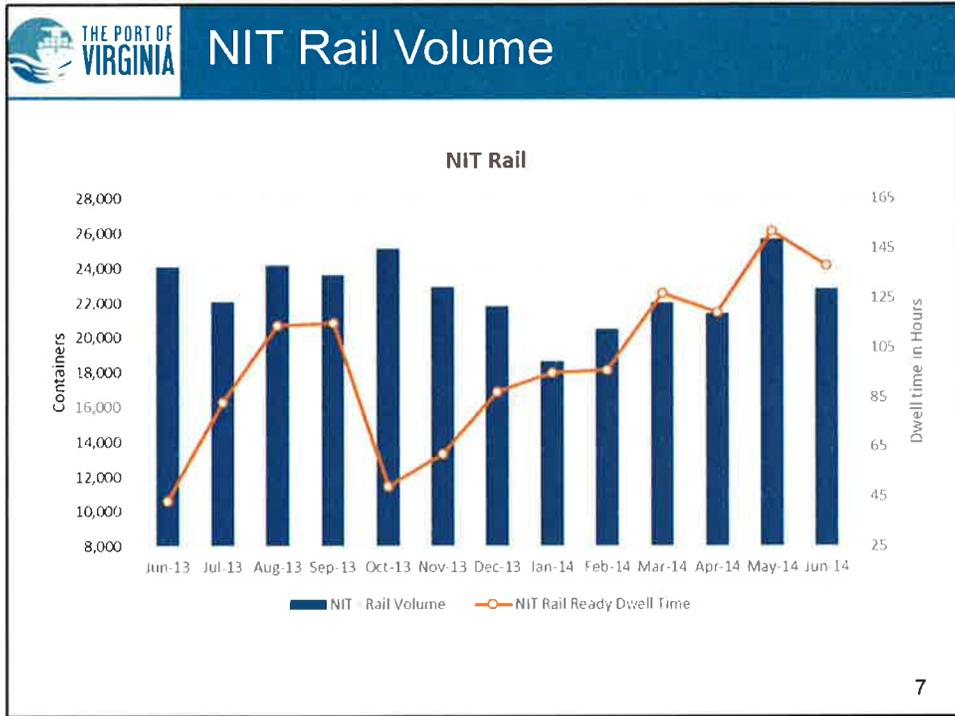
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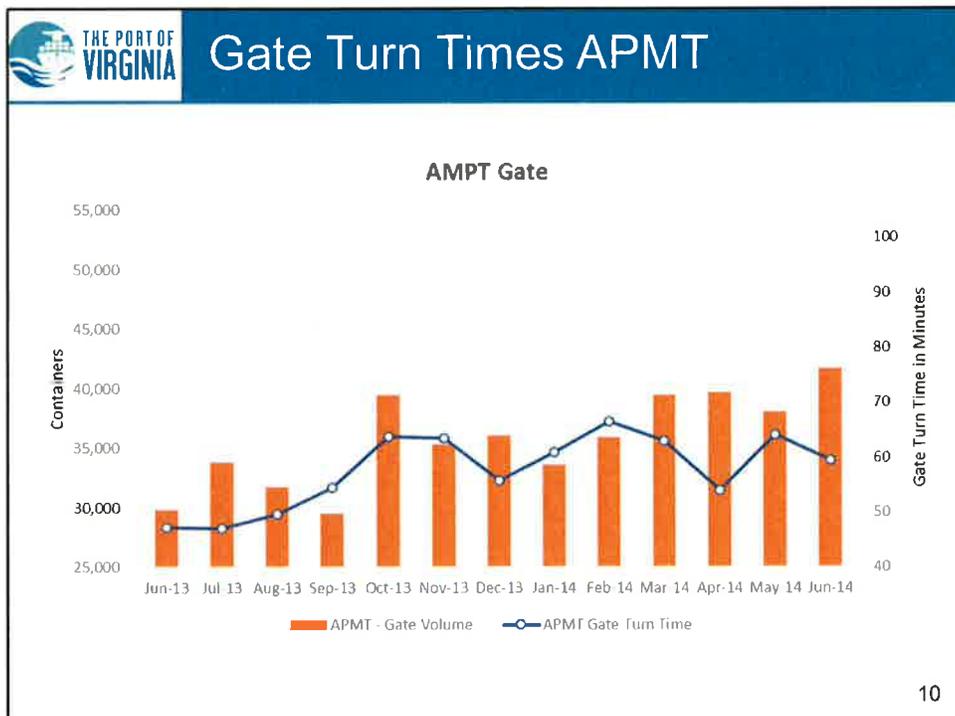
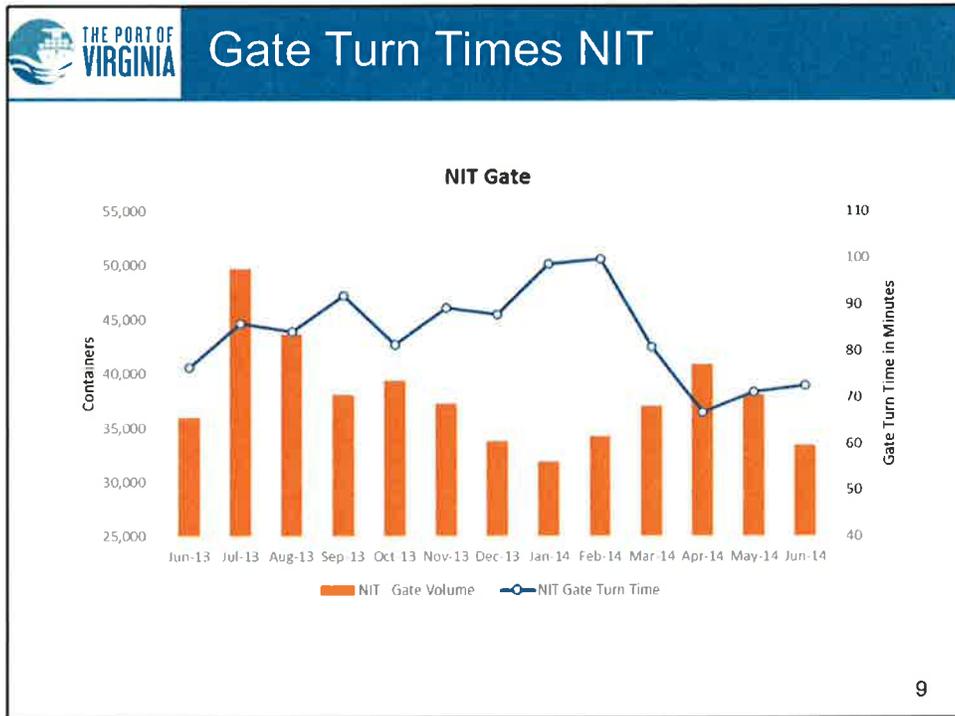


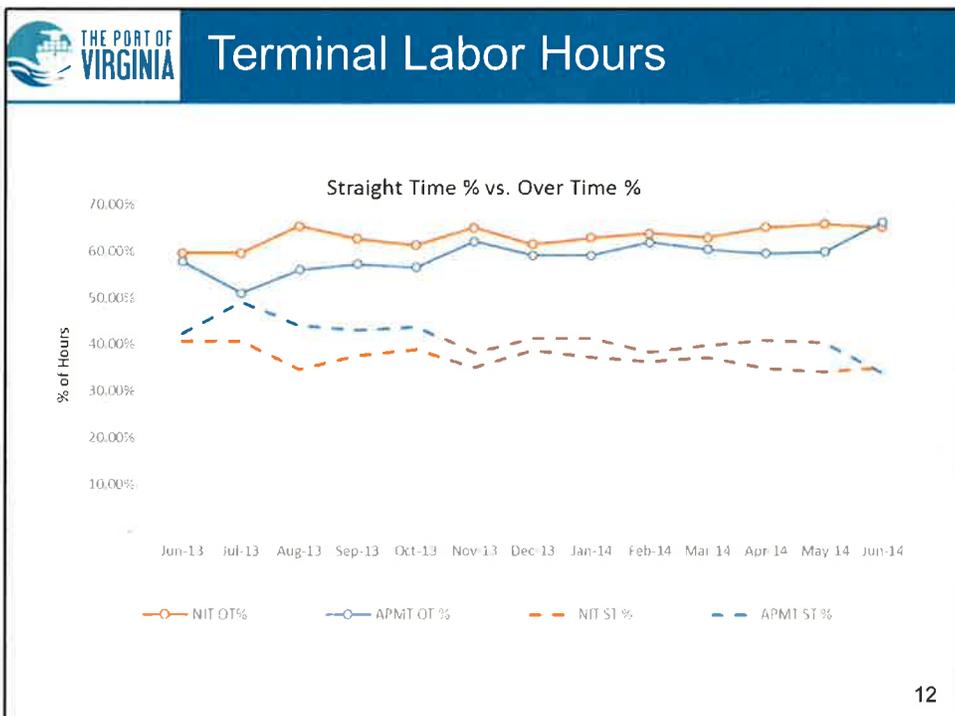
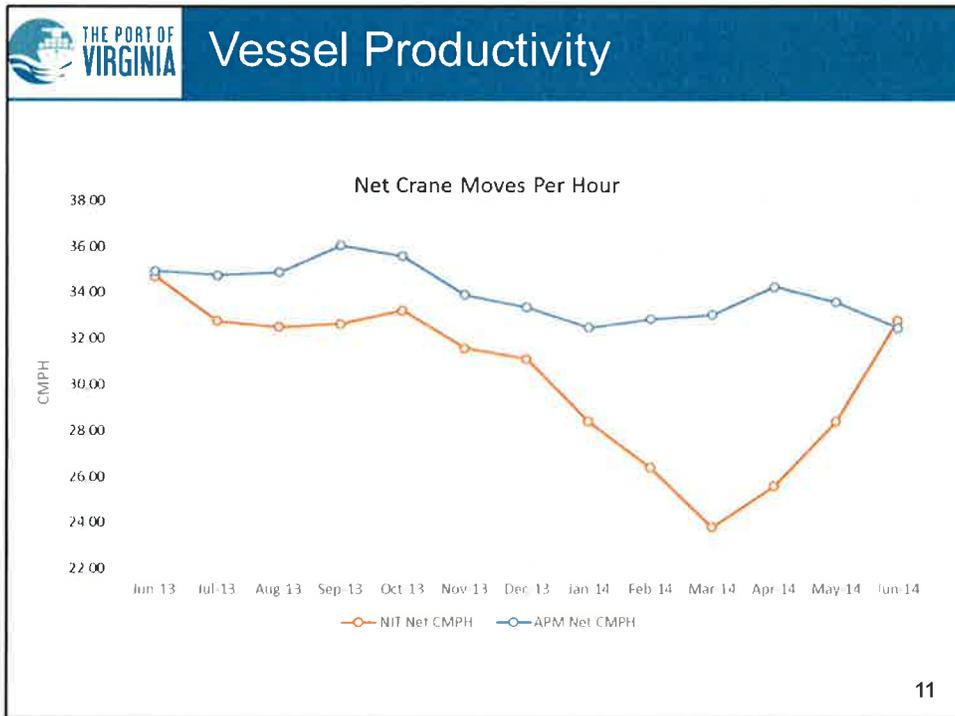
Rail Operations

- Operations received all 32 Hustlers
- North and South portals are fully operational
- Infrastructure such as automated portals shall be put in place over the next 12 months
- Process has demonstrated independence from Gate operations as planned

6









Navis/N4 Terminal Operating System

- N4 Go Live: June 21, 2014
- System has not experienced an unplanned shutdown since go-live. Stability of all wired, wireless, and systems has been good
- Training in all facets of the system will continue
- Challenges are being addressed daily as users become familiar with this system
- As the system continues stabilization and productivity levels return, further enhancements will be implemented.

13



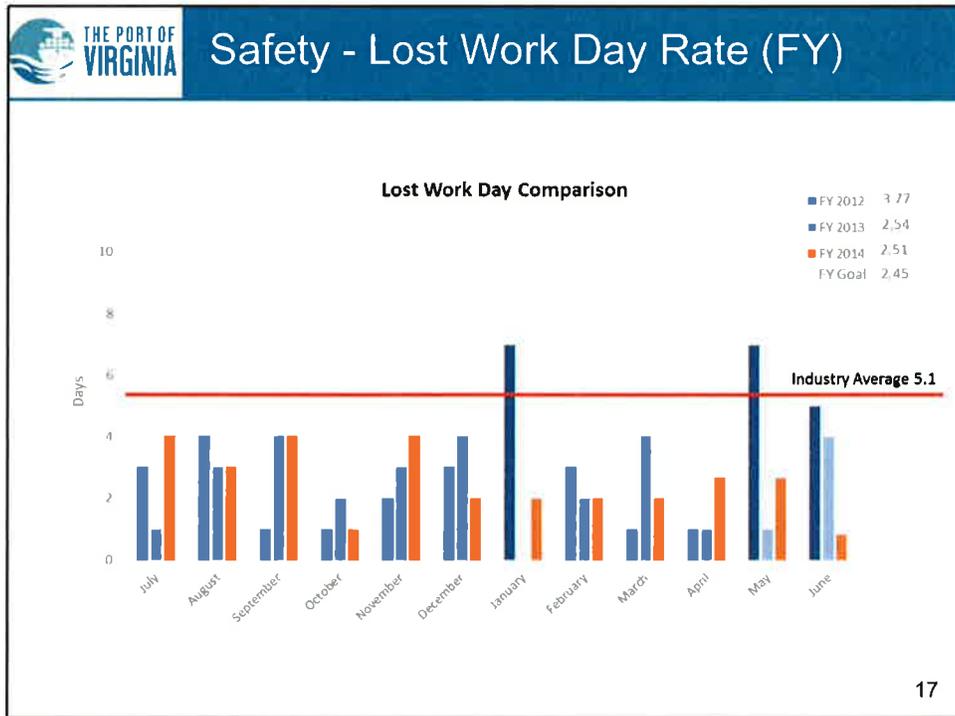
Current/Future Initiatives

- Terminal Empty Yards in Norfolk and Portsmouth – control has been transferred to HRCP II (chassis pool company), internalizing cost of these operations – July 1, 2014
- Straddle Carrier drivers as supplied by operations will become the responsibility of the stevedores, allowing for greater capacity for Yard and Rail Operations – July 25, 2014
- N4 go live will allow for continued efficiency gains:
 - Automated Gate – September/October 2014
 - Enterprise Appointment System – September/October 2014
 - Differential Global Positioning System (Yard) – January 2015

14



 Safety Leading Indicators – FY14				
Operational Procedures and Regulatory Compliance		Number of Areas Evaluated	Composite Rate	
NIT		Q4 = 517	Q4 = 70.6%	
APM		Q4 = 449	Q4 = 74.3%	
<70% = Red		70-90% = Yellow		>90% = Green
Safety Citations	Terminal Management Visibility 1 hour per week	Resolution of Key Risks	Manager & Supervisor Training	Housekeeping Compliance Rate
Q4 = 149 (PPE/SB/Cell)	Q4 = 88%	Q4 = 18/15/3	FY = 171/189	Q4 = 77%



-
- THE PORT OF VIRGINIA** Police/Security
- Agenda
 - Police Realignment
 - Breach Reports
- 18



Police

- Complement
 - Police transferred two contract positions to full-time Port of Virginia employees
 - Affords opportunity to address administrative responsibilities consistent with downsizing voids.
 - Enhances efficiency of program development, employee growth and budget monitoring
 - Adds additional operations supervision (a police officer on the terminal)

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Security

- Breach Reports
 - Five (5) during 2nd Quarter 2014
 - 2 - Vessel Crew Members leaving containment area
 - 2 - Failure to Stop at Entry Gate
 - 1 - Unauthorized Passenger in Truck
 - Deterrence during 2nd Quarter 2014
 - Truck driver was stopped at PMT gate attempting to enter using fraudulent TWIC card.
 - Security confiscated 88 expired VPA Port Identification Cards.
 - Stopped 24 drivers with no TWIC card.
 - Turned seven (7) individuals with expired TWIC cards.
 - Mitigated 35 exceptions involving restricted TWIC cards
 - Located three (3) unauthorized passengers
 - Discovered five (5) unauthorized firearms

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Board of Commissioners

Session 360

July 22, 2014

Public Affairs Update



Government /Community Affairs

- **Local, State, Federal, and external partner focus**
 - Hampton Boulevard
 - State reporting, state delegation meetings
 - Federal strategy and visits
 - Community outreach and service

- **New team members**
 - Andrew Sinclair, Director Government Affairs
 - Manager, Local Government Affairs and Community Outreach



Hampton Boulevard

- Working with City of Norfolk to extend motor carrier access hours
 - Study Completed: Truck Volume < 4% of total volume
 - Balancing safety, quality of life, operational efficiency
 - Metering the flow of trucks throughout day and optimizing the appointment system
- Better alignment with hours of operation at NIT
 - Current: 0600 to 1600 - trucks permitted
 - Proposed: 0600 to 1900 – trucks permitted
- Public outreach: good neighbors

3



State Legislative Activity

- Monthly reporting, development grant report
- Budget process beginning
- Tag Greason, Conferee, visiting July 28
- Hampton Roads Caucus, meeting and harbor tour August 14
- Working with House Appropriations and Senate Finance staff for a fall meeting and tour

4



Washington, D.C. Visits

- Meeting with Office of the Vice President
- Meeting with White House staff
- Meeting with Office of Ass't Secretary of the Army
- Visits with Senators Warner and Kaine, and Representatives Forbes, Rigell, Scott, Hurt, Griffith, Wittman
 - 55' Channel funding to match VA share
 - Craney Island Eastward Expansion
 - Land transfer – leadership appreciation
 - \$50M Request for Construction in FY16
 - LRR Update
 - TIGER grant

5



Federal Lobbying Services RFP

- 15 Proposals Submitted in June with 3 finalists selected for interviews in early July
 - Alcade & Fay
 - Federal Advocates
 - McDonald Hopkins Government Strategies
- Selection?

6

THE PORT OF VIRGINIA

Communications

- **June/July Messaging:**
 - Launch of N4 terminal operating system, training, updates
 - Port tracking for record-setting calendar year for TEU volume
 - China lifts its ban on Virginia poultry imports, first shipment to China
 - Appointment System
 - Operation updates
 - Severe Weather
 - Welcoming of first calls by new services
 - Job postings
- **POV Communications Policy**
 - Outlines the process for how all internal and external communications will be conducted

7

THE PORT OF VIRGINIA

Website Project

The screenshot displays the website's layout. At the top, there is a navigation bar with links for 'Home', 'About Us', 'Facilities', 'Tools', 'Stewardship', and 'Contact'. Below this is a large banner titled 'Helpfulness' featuring a photograph of two workers in yellow safety vests. The banner text reads: 'From a hand with the little things to lending perspective, experience, and expertise, our actions large and small make a difference.' A 'LEARN MORE' button is positioned below the text. Underneath the banner is a 'TRACK YOUR CONTAINER' section with a form that says 'Simply select terminal and hit submit.' and a 'SUBMIT' button. At the bottom of the screenshot, there is an 'Our Mission' section. To the left of the mission text is a bar chart showing a '38% DECREASE AIR EMISSION REDUCTION SINCE 1999'. The mission text states: 'It shall be the duty of the Authority, on behalf of the Commonwealth, to foster and stimulate the commerce of the ports of the Commonwealth and related facilities by serving as the United States eastern seaboard gateway for the global import and export of freight throughout the world, to promote the shipment of freight through the maritime and inland ports, to seek to secure necessary improvements of navigable tidal waters within the Commonwealth, and in general to perform any act or function which may be useful in developing, improving, or increasing the commerce, both foreign and domestic, of all maritime and inland ports of the Commonwealth and related facilities.'

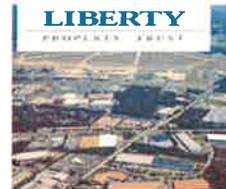
8



Economic Development Announcements



Announcements



 **LOGISTXGAMES**

- June 6 teams of warehouses competed in the first-ever LogistXGames in Virginia at the Ace Import Redistribution Center
- Created 8 years ago to promote the logistics industry and support workforce development.
 - \$6,240 for Paul D. Camp Community College
 - CenterPoint donated \$1,000 for an endowed scholarship.



Thank you

