

MINUTES

MEETING - Board of Commissioners - Session 361

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
September 16, 2014

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on September 16, 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
G. Robert Aston, Jr.
J. William Cofer
Alan A. Diamonstein
Faith B. Power
Gary T. McCollum
Val S. McWhorter

Commissioners Absent:

Jennifer D. Aument
Martin J. Briley
Manju S. Ganeriwala, State Treasurer
Kim Scheeler
Deborah C. Waters

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
Carla Welsh, Director, Creative Services and Brand Management
Joe Harris, Vice President, Communications and Spokesperson
Andrew Sinclair, Director, Government Affairs
Sarah McCoy, Local Government and Community Relations Manager
Debra J. McNulty, Clerk to the Board

Virginia International Terminals, LLC (VIT) Staff:

Joseph P. Ruddy, Chief Operations Officer

Thomas D. Capozzi, Chief Sales Officer

Shawn Tibbetts, Vice President, Operations and Maintenance

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

Guests:

Dan Gundersen, Virginia Economic Development Partnership (VEDP)

Maria Hillebrandt, Branding Consultant

Evelyn S. Traub, Troutman Sanders LLP

Robert McCabe, *The Virginian-Pilot*

Jamaal O'Neal, *Daily Press Newspaper*

Introductions

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

I. Approval of Minutes

Action: At the request of Chairman Milliken, the minutes of the annual and regular meetings held July 22, 2014, were unanimously approved as circulated.

II. Closed Session

At 9:02 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 the requirements of §2.2-3711(A)(1), the personnel exemption to discuss personnel items specifically tied to VPA CEO and Executive Director John Reinhart's 2014 performance review and his performance expectations and metrics for 2015; and 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 in confidence as it relates to N4 update; safety and operations metrics; ocean carrier contracts and developments; sensitive cargo information; and volume and market update; 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 relating to the corporate reorganization of The Port of Virginia."

The motion was seconded by Mr. Aston.

All Port of Virginia (POV) colleagues and guests present were invited to remain for the closed session.

III. Open Session

At 9:38 a.m., the Board came out of closed session and the following resolution was read by Mr. Pullen:

“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. Aston and passed by a roll call vote of the Board as follows:

Ayes: 7 (Aston, Cofer, Diamonstein, McCollum, McWhorter, Milliken, Pullen)

Nays: 0

Absent During Vote: 5 (Aument, Briley, Ganeriwala, Scheeler, Waters)

Absent During Meeting: 5 (Aument, Briley, Ganeriwala, Scheeler, Waters)

Note: Ms. Power is a non-voting, ex officio member of the Board, representing the Virginia Inland Port region.

IV. Reports of Committees

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

Chairman Milliken announced that the Board had developed a set of 2014-2015 performance incentive metrics for CEO/Executive Director John Reinhart per his employment contract. The Chairman discussed the related terms of Mr. Reinhart’s contract and then referred to the one-page document, Management Incentive Metrics for Calendar Year 2014, that was distributed and made available to members of the public who were present (copy attached hereto) at the meeting.

On behalf of the Board, Chairman Milliken expressed his appreciation to Mr. Reinhart for his leadership and accomplishments to-date.

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

Mr. Aston reported that the Finance and Audit Committee met yesterday and received a briefing on the status of the fiscal year-end (June 30, 2014) audits for VIT (with HRCP II consolidated) and VPA, a presentation regarding a possible debt refunding opportunity from Public Financial Management (PFM) Group, and presentations on the The Port of Virginia’s various retirement plans.

Mr. Aston reported that the VIT and VPA audited financial statements are expected to be completed the week of September 22nd, and auditors are scheduled to brief the Finance and Audit Committee at the November 17th meeting.

Mr. Aston announced that the Authority has an opportunity to refund existing terminal revenue debt, for a significant net present value savings. He reported that the financial consultants and bond counsel are working to bring forth documents and a resolution for the Board to approve in November.

Mr. Aston also reported that the Committee received a brief on The Port of Virginia's various retirement plans and an overview of the fiduciary responsibilities for each of the plans. He announced that management is working to normalize retirement benefits across all three, separate legal entities and that proposed retirement benefit changes are expected to be presented to the Board in November.

Mr. Aston advised that the Committee also reviewed proposed investment fund changes that were approved for consideration by the full Board. Mr. Oliver presented Resolution 14-10 at this time and explained the recommended fund changes that include lower expense ratios for five replacement funds.

Action: Upon motion made by Mr. Aston, on behalf of the Finance and Audit Committee, and seconded by Mr. Diamonstein, the Board unanimously approved Resolution 14-10, authorizing revisions to available investment funds in the VPA Defined Contribution Plan and VPA Deferred Compensation Plan.

Mr. Oliver then reviewed the VPA/VIT consolidated income statement for the month ended July 31, 2014, and announced that it was a very positive start to Fiscal Year 2015. A copy of the presentation is attached.

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

Mr. Diamonstein reported that the Growth and Operations Committee met yesterday and heard updates from Mr. Capozzi and Mr. Ruddy in their respective areas of sales and operations.

On the sales side, Mr. Diamonstein reported that Mr. Capozzi provided volume updates, highlighted some current ocean carrier contract negotiations, developments and opportunities, break-bulk and cargo sales highlights. He reported that the Committee also heard a commercial update on the Port of Richmond and Virginia Inland Port and that Mr. Capozzi closed with an update on the progress made in setting up the new customer service group and some of the forward planning the sales group has been working on.

Mr. Diamonstein reported highlights from the closed session briefing that Mr. Ruddy had provided to the Growth and Operations Committee that included a review of safety numbers, productivity (rail and gate turn times), and security. Mr. Diamonstein announced that the Committee also heard a briefing on current and future initiatives that included the opening of PMT (September 15th), and a time-table for the implementation of the Auto Gate, Integrated Appointment System, and Differential Positioning System.

At this time, Mr. Ruddy presented the Operations Update and Port Safety, Environment and Security Overview, followed by Mr. Capozzi who presented the Commercial Update. Mr. Ruddy announced that The Port of Virginia will continue to keep our motor carrier operators involved in the progress with the appointment system. (A copy of the presentations is attached.)

Mr. Reinhart announced that it was a huge effort to get PMT up and running within 60 days - on time and under budget - after being closed for four years. The terminal opened for export operations on September 15th and is expected to receive its first vessel call the beginning of October. Mr. Reinhart commended the POV team for their work.

Chairman Milliken and Mr. McCollum also congratulated Mr. Reinhart and the team for their accomplishments.

IV. Report by Chief Public Affairs Officer – Cathie France

Ms. France announced that VPA had selected Federal Advocates for The Port of Virginia's federal lobbying efforts. Two new members of the POV Public Affairs team were introduced – Mr. Andrew Sinclair, Director, Government Affairs, and Ms. Sarah McCoy, Local Government and Community Relations Manager.

Ms. France announced the \$15 million TIGER grant that was recently awarded to VPA for the North Gate expansion. It was reminded that the Board had approved the design phase previously and that staff would be coming back to the Board for approval of the first phase of construction in early 2015. Ms. France explained that the North Gate would be completed in conjunction with the I564 connector, by second or third quarter, 2016.

Ms. France reviewed important Port legislative items; local government activity involving Hampton Boulevard public meetings and PMT's reopening; notable visits by the Hampton Roads General Assembly caucus, Congressman Rigell, Senator Kaine, and Virginia Congressional staff.

Ms. France described the various methods of external communications, the website project including six internal Values videos, and concluded her report with the latest economic development announcements.

VI. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs reviewed each of the following initiatives that were coordinated by the POV Human Resources division:

- Leadership Development 360° Feedback
- Performance Appraisal Process
- S.M.A.R.T. Goals (Specific/Measurable/Achievable/Relevant/Time-bound) with four objectives listed to select from for creation of measurable performance metrics:
 - o Fiscal Responsibility
 - o Deliver Sustainable Growth
 - o Excellence in Operations
 - o Living our Values
- Succession Planning

- Benefits Harmonization 2015 (reviewed recommended vendors from Benefits RFP)

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

Mr. Reinhart thanked POV colleagues for their presentations. He remarked that the amount of work done to create, communicate, and present the values is a tribute to the entire organization.

Mr. Reinhart announced that the POV has made significant in-roads on the financials, as well as on the commercial sales side, and that operations is improving with more work needed ahead in order to make our organization more effective. Mr. Reinhart commended the POV Team on their progress to-date.

Mr. Reinhart reported that August was a record-breaking month that generated 214,355 TEUs - 8.1% higher than August 2013. He further reported that operating income in August was \$2.2 million, which is an increase of 168 percent when compared with last August. In the first two months of fiscal 2015 (July- August), the port's combined operating income was \$4.20 million, a 91.3 percent increase when compared with the same period in fiscal 2014. A copy of the attached press release was distributed.

VIII. Unfinished Business

There was no unfinished business to report.

IX. New Business

There was no new business to report at this time.

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

There being no further business and no public comments, the meeting adjourned at 10:30 a.m.

Respectfully submitted,



Debra J. McNulty
Clerk to the Board

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

All open session presentations have been posted to VPA's website, along with the 2015 meeting schedule at: <http://www.portofvirginia.com/about/our-board/board-room-meetings/>

Management Incentive Metrics for Calendar Year 2014:

Fiscal – 40 percent

- 1) Stop losses in FY2014 and end FY with smaller operating loss than accumulated through February 2014. Loss less than \$16.6 million.
- 2) Manage debt service coverage and bond rating through the CY to meet all bond and debt covenants and requirements.
- 3) Complete a bottom-up FY2015 break-even or better budget.
- 4) For first half of FY2015, deliver a better than break even operating result.

Operational – 30 percent

- 1) Implement Motor Carrier Task Force recommendations and achieve sustained gate turn times of 60 minutes at both APMan and NIT.
- 2) Implement rail service enhancements to increase throughput and reduce average import dwell times to 48 hours and average export dwell times improved to 72 hours.
- 3) Safety and environmental performance to be supported across leadership team and performance metrics to be reported at each board meeting with targets to be better than prior year. Develop specific safety metrics for use in 2015.

Strategy – 20 percent

- 1) Complete facility review and submit plans to optimize facilities and re-open PMT and submit options for long term APMT lease improvements.
- 2) Revise the Growth Committee to include Operations. Complete targets for sustainable growth. (Grow volume at 3.8% in FY2015.)
- 3) Complete reorganization plan and implement it in CY2014.
- 4) Complete development of Port of Virginia culture, values and branding with roll out completed in CY2014.

Human Resources – 10 percent

- 1) Harmonize policies and practices across the Port of Virginia.
- 2) Implement high performance practices for all colleagues. Improve objective setting and performance reviews across the organization.

RESOLUTION 14-10

**REVISIONS TO AVAILABLE INVESTMENT FUNDS IN
DEFINED CONTRIBUTION PLAN AND
DEFERRED COMPENSATION PLAN**

WHEREAS, the Virginia Port Authority Defined Contribution Plan and the Virginia Port Authority Deferred Compensation Plan (collectively the “account balance plans”) and related trusts under which plan participants are permitted to direct the investment of their account balances from among funds selected and made available by the Authority.

WHEREAS, following review and consultation with qualified investment advisors, the Authority has determined that certain changes should be made to the investment funds available for participant investment direction under the account balance plans.

NOW, THEREFORE, BE IT RESOLVED, that the following investment funds shall be removed and replaced with the institutional shares of the same funds and that participant account balances currently invested in such funds shall be automatically mapped to the respective institutional share:

Fund to be Removed	Replacement Fund
PIMCO Total Return A	PIMCO Total Return Instl
Templeton World A	Templeton World Adv
American Funds EuroPacific Growth A	American Funds EuroPacific Growth R-6
American Funds Growth Fund of America A	American Funds Growth Fund of America R-6*
Royce Low Priced Stock Svc	Royce Low Priced Stock Instl*

*Until further Replacement Fund is named

BE IT FURTHER RESOLVED, that the following target retirement funds are added:

Additional Target Funds
Vanguard Target Retirement Fund 2055
Vanguard Target Retirement Fund 2060

BE IT FURTHER RESOLVED, that the proper officers are directed to identify a replacement for the following funds which shall be removed upon the designation of replacement funds:

Fund to be Removed
American Funds Growth Fund of America A
Royce Low Priced Stock Svc

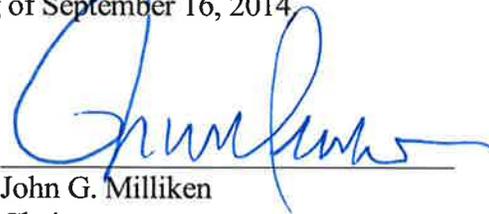
Resolution 14-10 (Page 2)

BE IT FURTHER RESOLVED, that the following investment fund shall be removed and participant account balances currently invested in such fund shall be automatically mapped to the following existing fund:

Fund to be Removed	Existing Fund
Davis NY Venture Fund	Fidelity Spartan 500 Index Fund

BE IT FURTHER RESOLVED, that the appropriate officers are authorized to take such action as may be required to accomplish these investment fund changes and communicate such changes to the Participants as soon as administratively possible.

BE IT STILL FURTHER RESOLVED that a copy of this Resolution be attached to the minutes of the Virginia Port Authority Board Meeting of September 16, 2014.



John G. Milliken
Chairman

Attest:



Debra J. McNulty, Clerk



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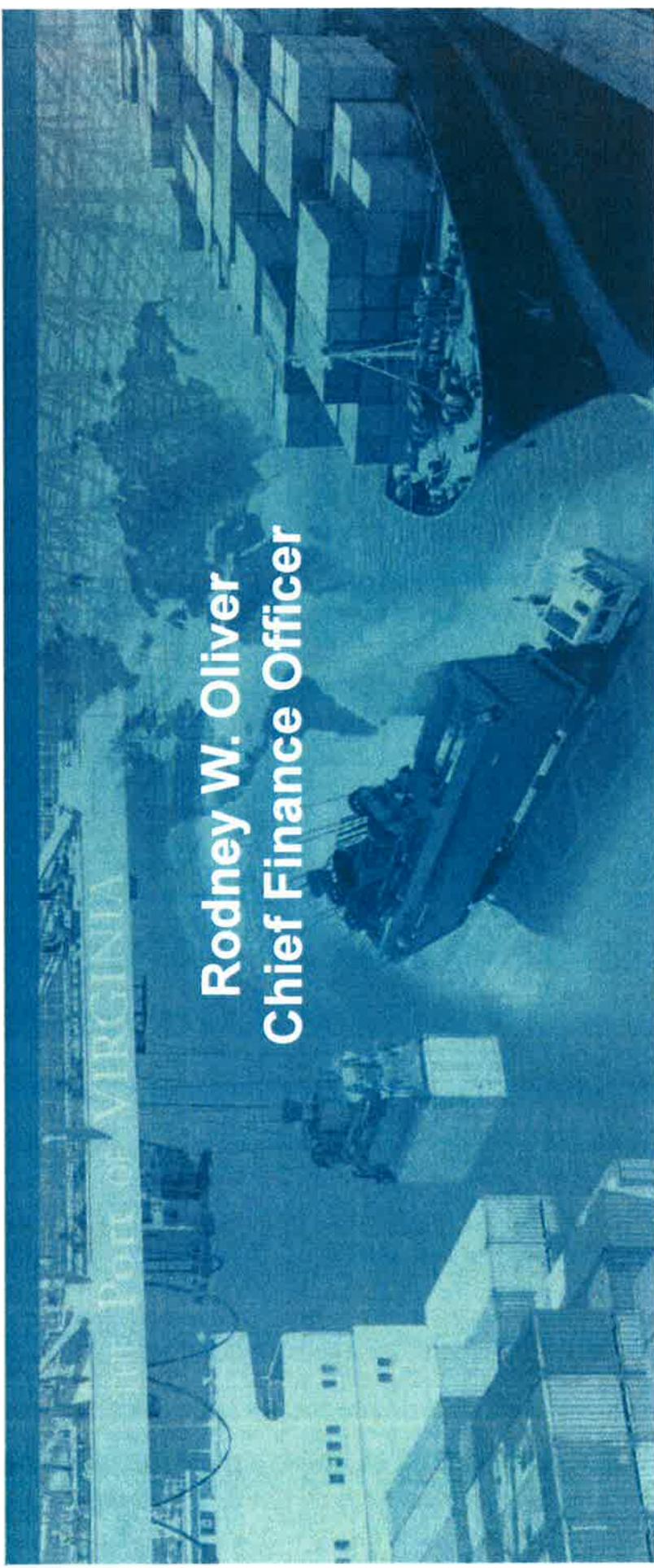
Board of Commissioners

Session 361

September 16, 2014

**Finance and Audit Committee
July 2014 Financial Report**

**Rodney W. Oliver
Chief Finance Officer**



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

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 37,957,386	\$ 35,601,247	\$ 2,356,139	6.6%

- *Actual container volume was 119,841 vs. 116,717 budget, a 2.7% Increase*
- *Operating revenue was 6.6% over budget, primarily due to higher volume and favorable mix*

**Virginia Port Authority/Virginia International Terminals, LLC
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JULY 31, 2014**

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 37,957,386	\$ 35,601,247	\$ 2,356,139	6.6%
Operating Expenses:				
Terminal operations	14,696,372	15,867,498	1,171,126	7.4%
Terminal maintenance	8,375,757	6,887,424	(1,488,333)	-21.6%
General and administrative	4,289,371	4,665,362	375,991	8.1%
Facility Rental	4,621,019	4,603,768	(17,300)	-0.4%
Depreciation and amortization	3,992,590	3,943,202	(49,388)	-1.3%
Total operating expenses	35,975,109	35,967,254	(7,855)	0.0%

- ***Total operating expense was \$1.2 million under budget primarily due to reduced premium pay, increased efficiencies, and the reclassification of certain expenses to terminal maintenance***
- ***Terminal maintenance was \$1.5 million over budget due to the reclassification of certain expenses from terminal operating expense, additional utility costs, and additional repairs***
- ***Remaining expense categories combined to be \$309 thousand less than budget***

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Total operating expenses	35,975,109	35,967,254	(7,855)	0.0%
Operating income (loss)	1,982,277	(366,007)	2,348,284	641.6%

- *The higher than budgeted revenue combined with operating expenses in line with budget resulted in an operating income of \$1.98 million or \$2.3 million above budget for the month of July*

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Non-operating revenues (expenses)	(1,238,822)	349,105	(1,587,927)	-454.9%
Capital contributions and transfers	2,186,347	1,797,181	389,166	21.7%

- *Non-operating expenses consist primarily of interest expense and revenues from primary government which is lower than budget due to zone grant funding not yet received*
- *Capital contributions consist primarily of Commonwealth Port Fund Revenue and was 21.7% above budget*

Virginia Port Authority/Virginia International Terminals, LLC
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Increase (decrease) in Net Assets	\$ 2,929,802	\$ 1,780,279	\$ 1,149,523	64.6%

- *The overall results show an increase in Net Assets of \$2.9 million, which was \$1.1 million above budget*

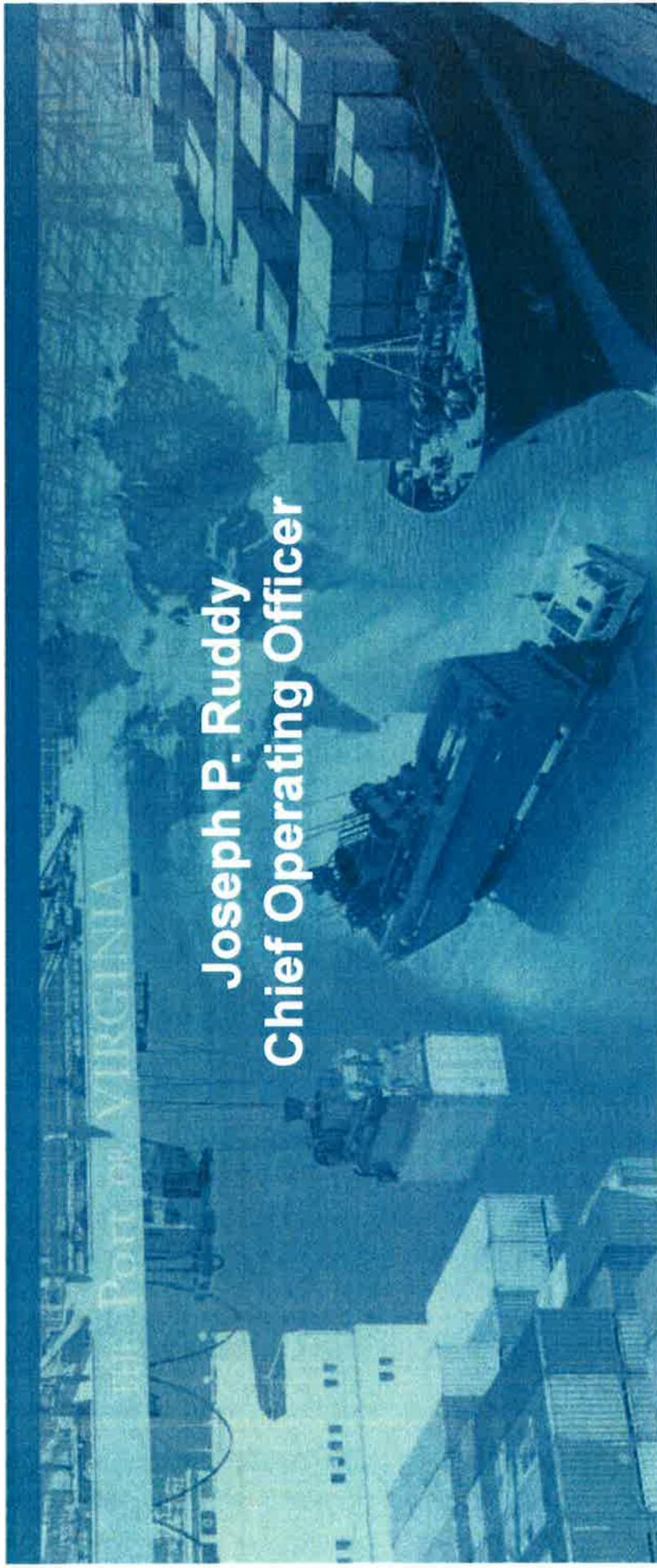


Board of Commissioners

Session 361

September 16, 2014

Growth and Operations Committee Operations/Safety/Security Report



**Joseph P. Ruddy
Chief Operating Officer**



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Agenda

- Introduction
- Safety
- Operations
- Security
- Future Changes



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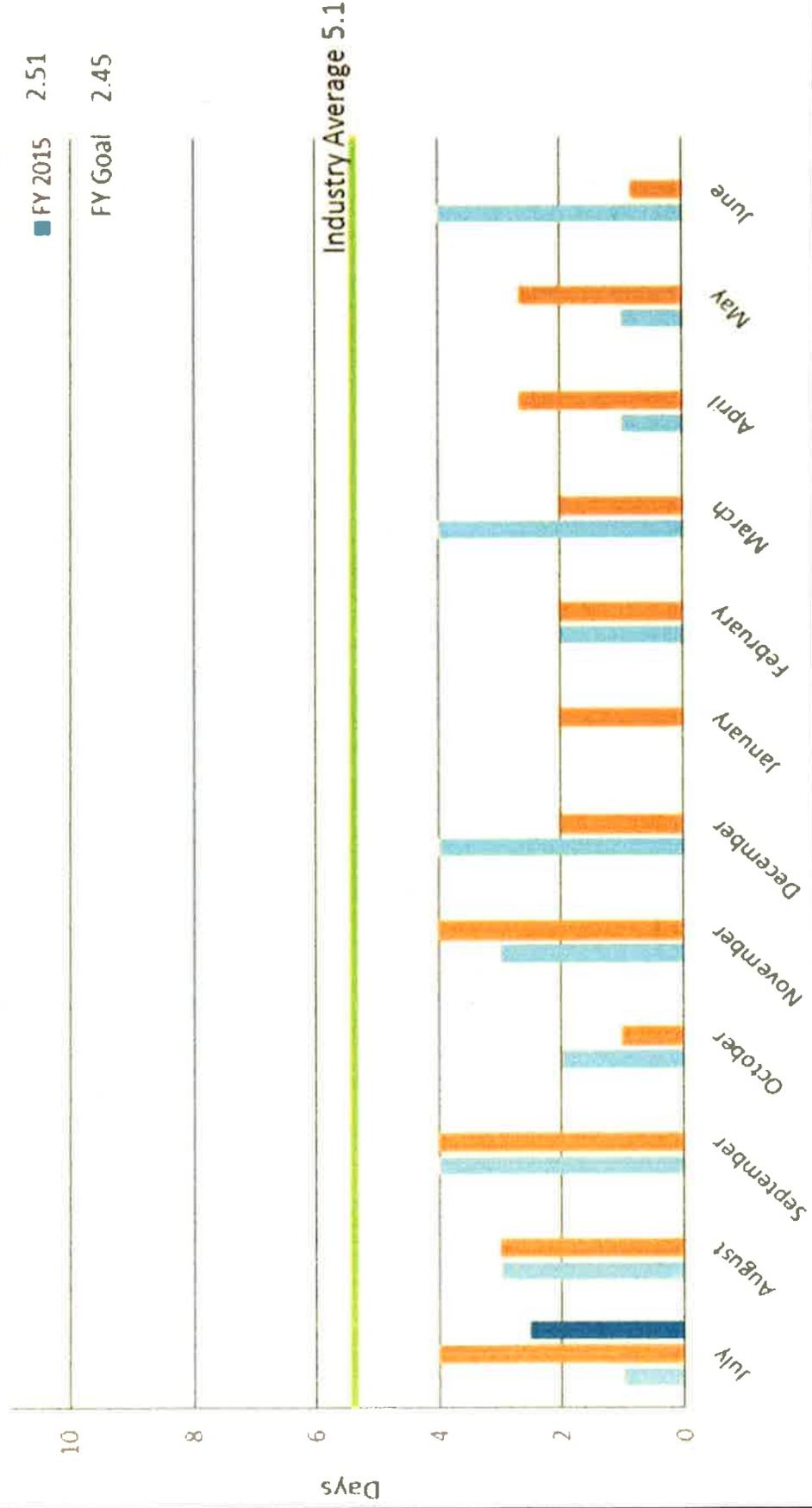
Overview

- As provided earlier, overall volume, while rail volumes remained flat
- Safety numbers continue to move in a positive direction
- Overall productivity increased, while we realized slight decreases in vessel productivity and increases in productivity against our rail operations
- Terminal labor costs reduction due largely to efficiencies gained via the rail and the introduction of straddle carrier drivers into stevedore vessel gangs



Lost Work Day Comparison

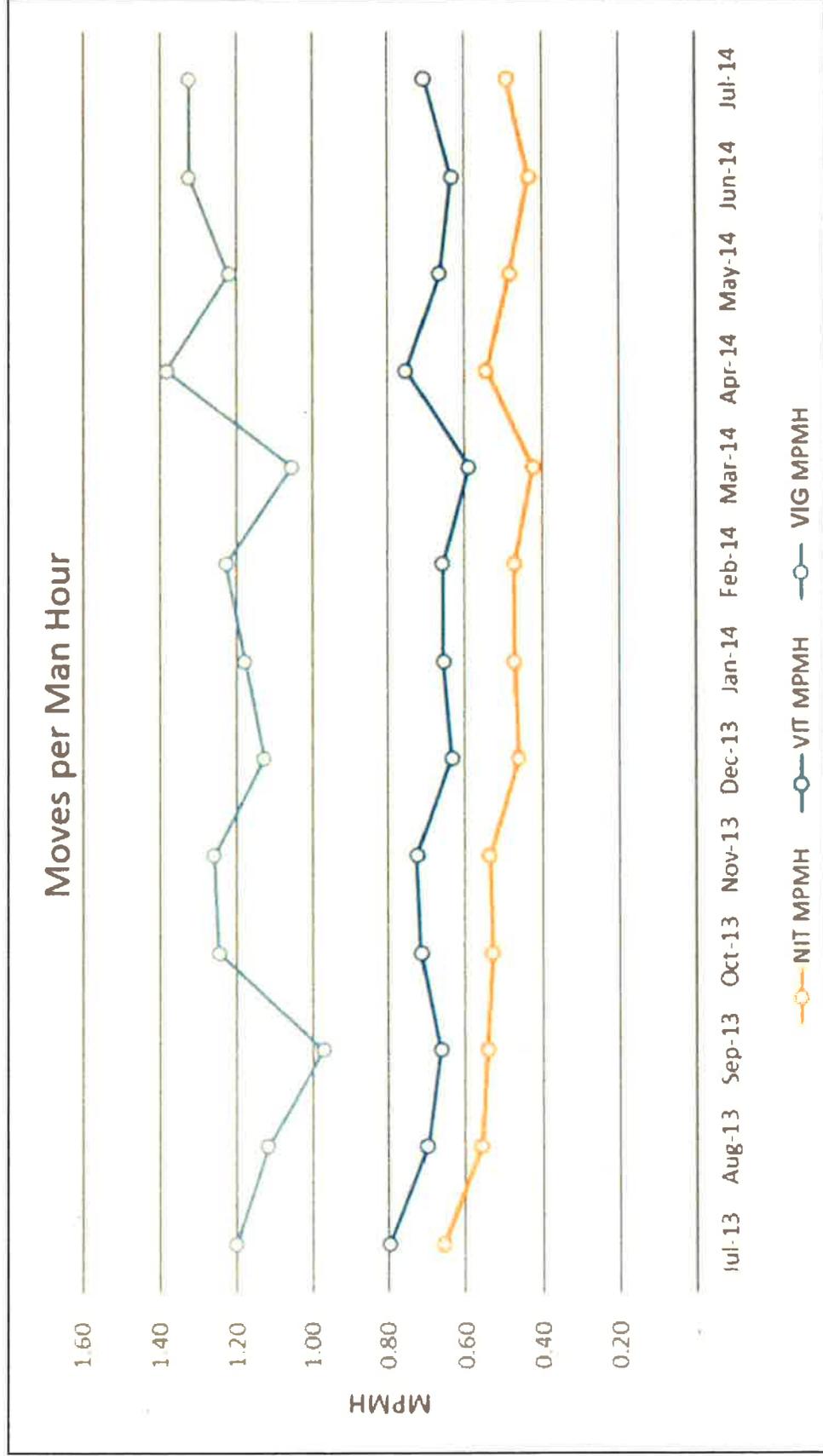
FY 2013 3.77
FY 2014 2.54
FY 2015 2.51
FY Goal 2.45





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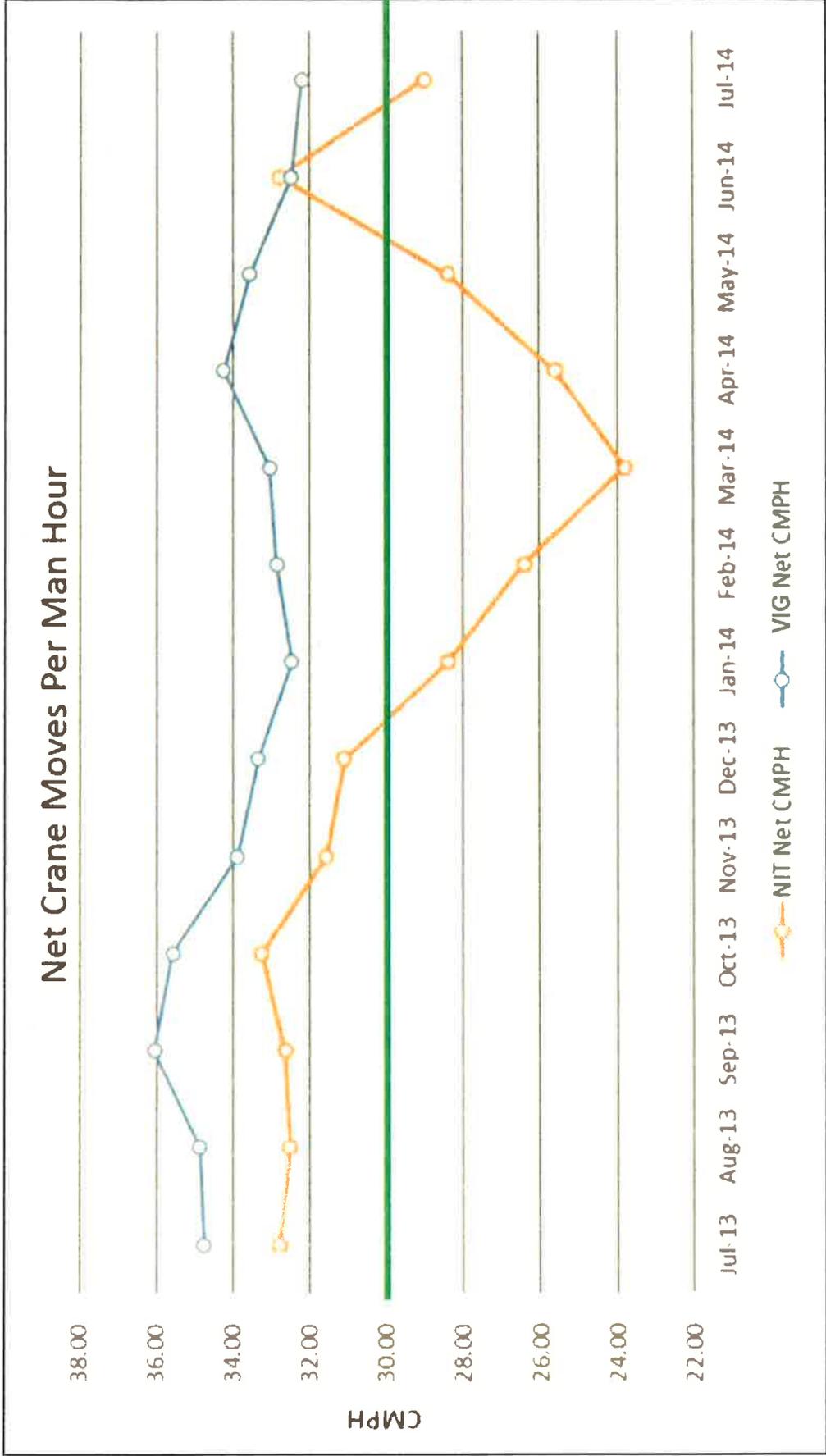
Productivity





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Productivity





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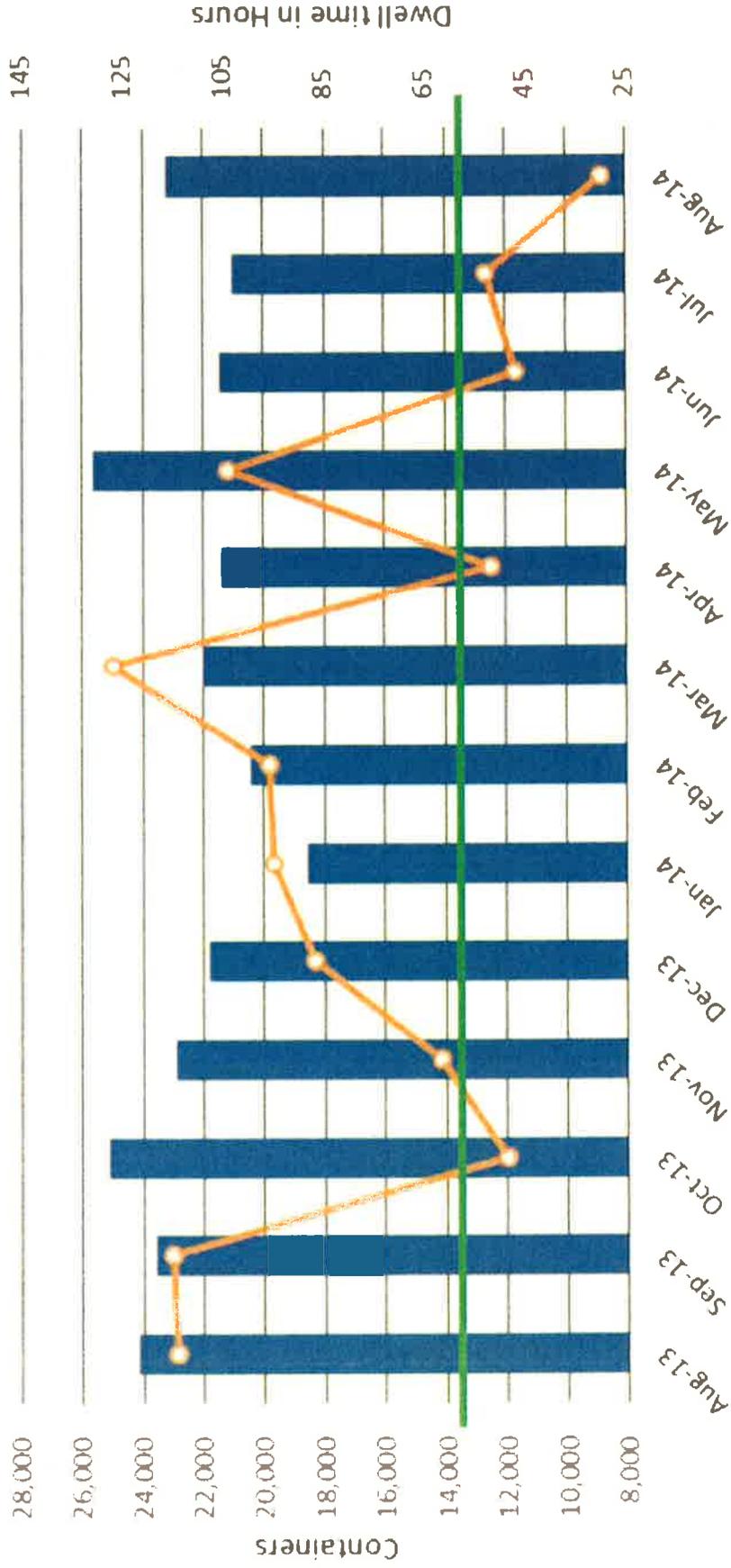
Productivity





NIT Rail Volume

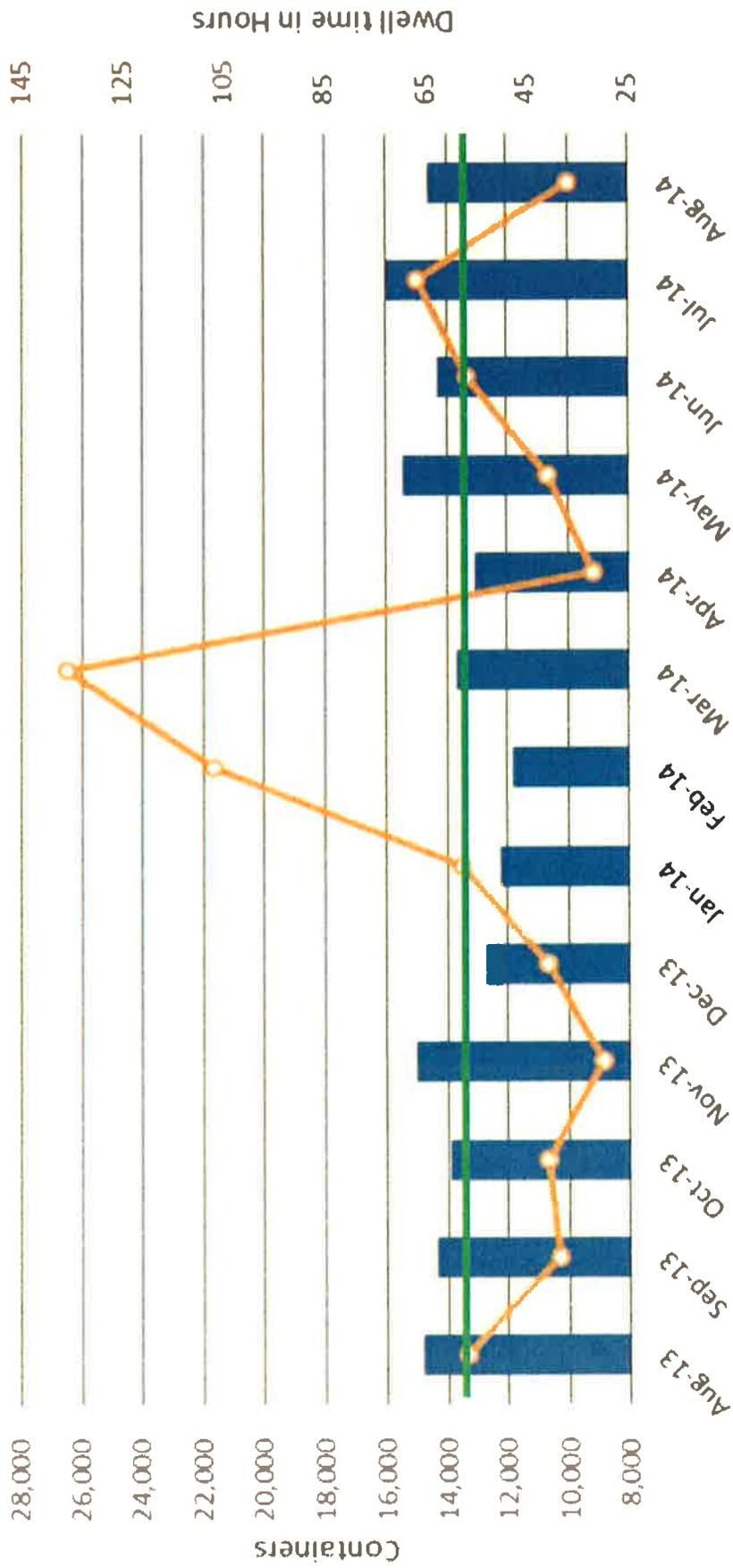
NIT Rail



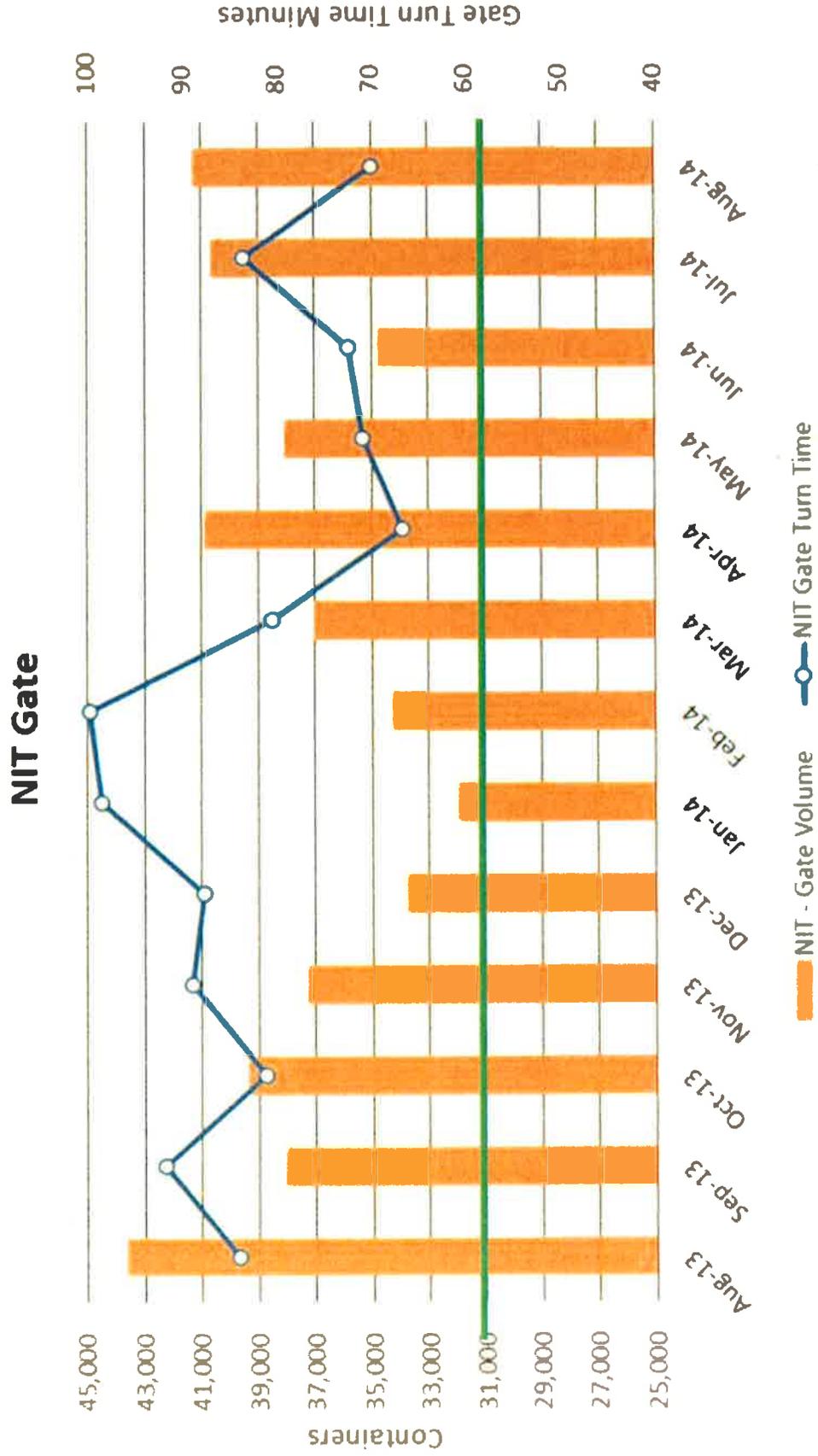


VIG Rail Volume

VIG Rail



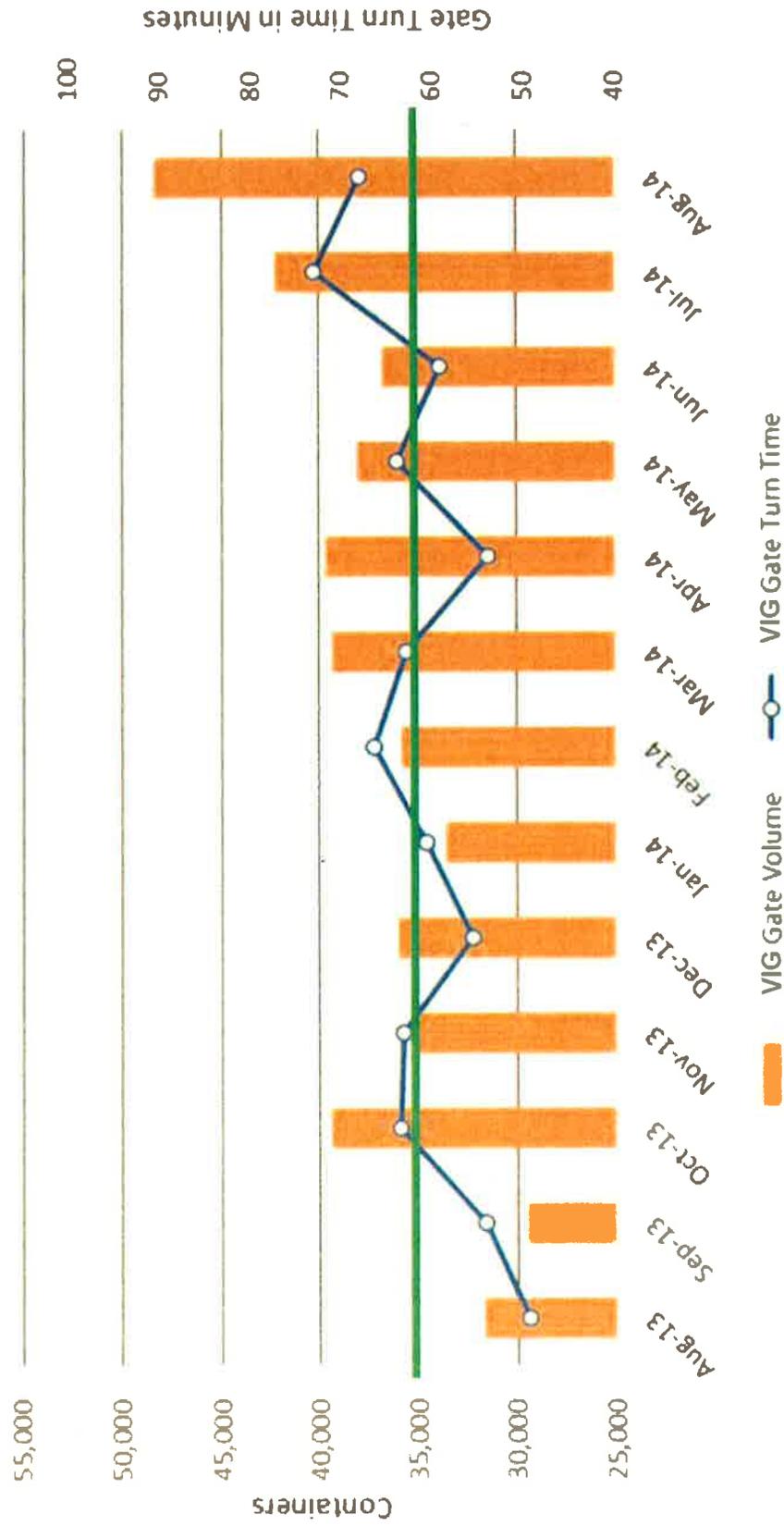
Gate Turn Times NIT





Gate Turn Times VIG

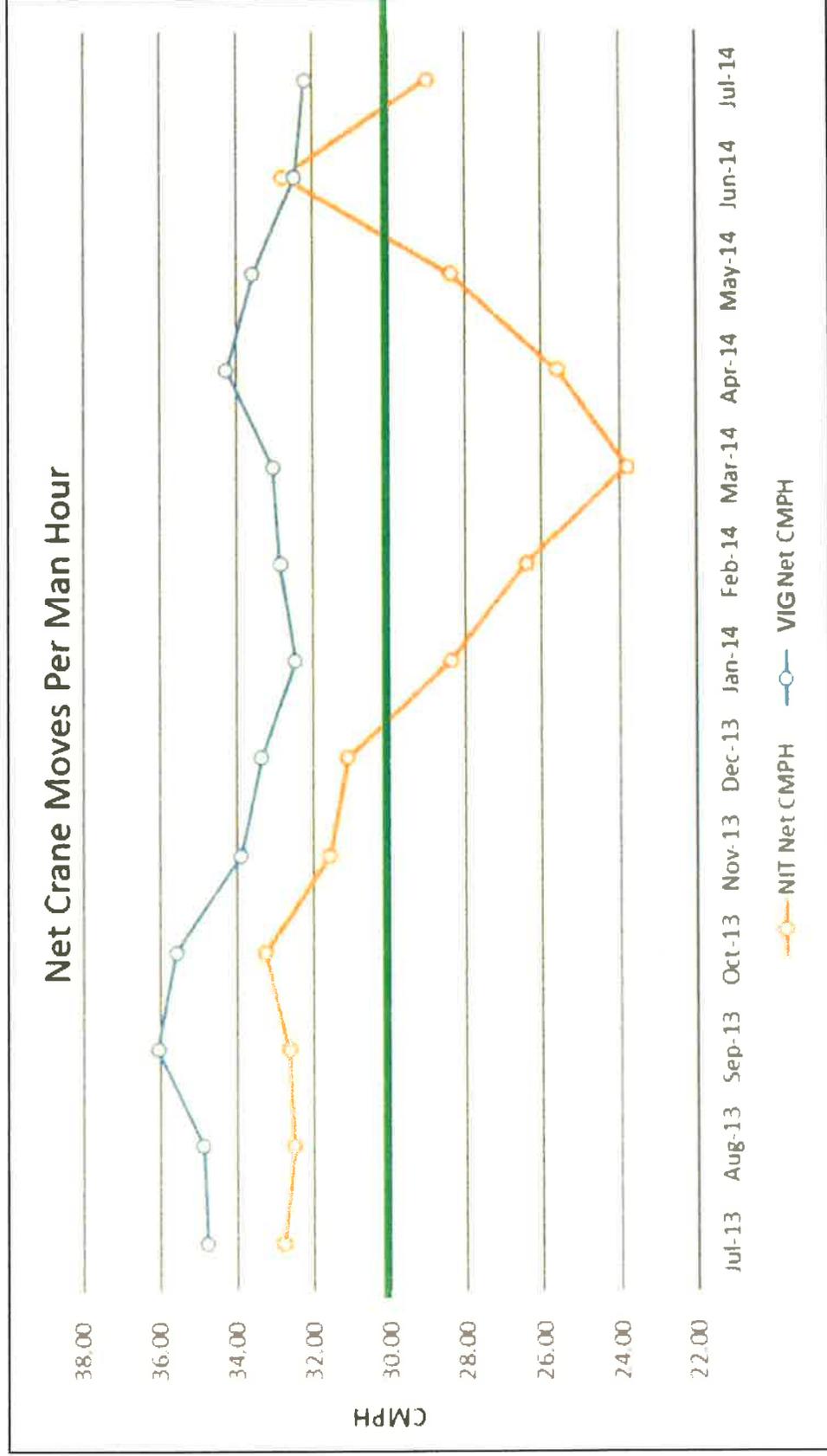
VIG Gate





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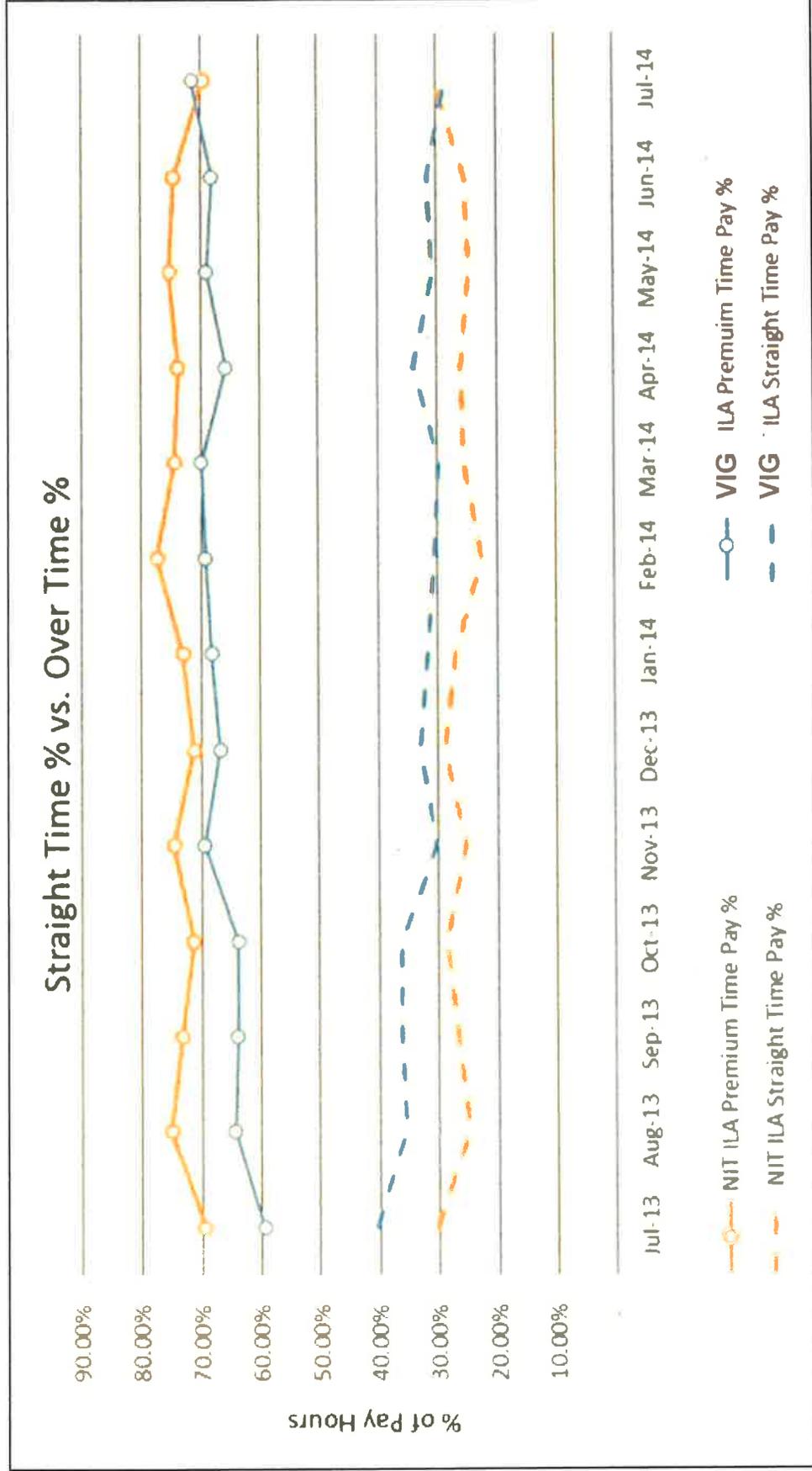
Vessel Productivity





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Terminal Labor Hours





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Police/Security

Deterrence during 3rd Quarter 2014

- VIG 71 total
- NIT 20 total
- PMT 20 total
- NNMT 10 total



Current/Future Initiatives (update)

- Portsmouth Marine Terminal will be reopened to receive export containers against the vessels on **September 15, 2014**
- Automated Gate/entry system that will allow for motor carriers to enter the marine terminal quicker and with a more stable process. This gate shall be operational by **September 30, 2014**
- NIT integrated Appointment System that will both regulate the flow of trucks into the terminal. This will be phased in to allow for varying degrees of enforcement beginning by **November 30, 2014**
- A portion of Portsmouth Marine Terminal will be reopened to container traffic. This will be a wheeled operation with limited services moved over to the PMT. The terminal is slated to open for vessel operations on **October 1, 2014**

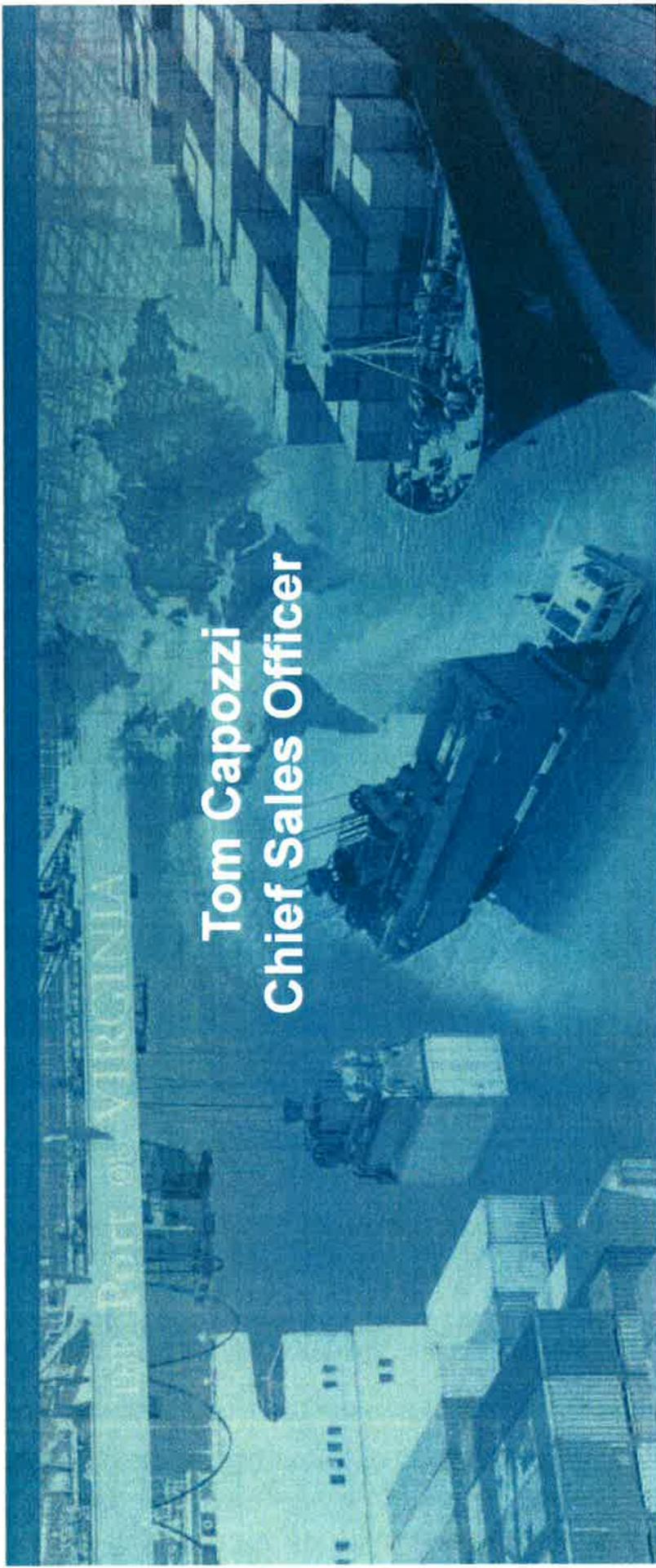


Board of Commissioners

Session 361

September 16, 2014

**Growth and Operations Committee
Marketing Report**



**Tom Capozzi
Chief Sales Officer**

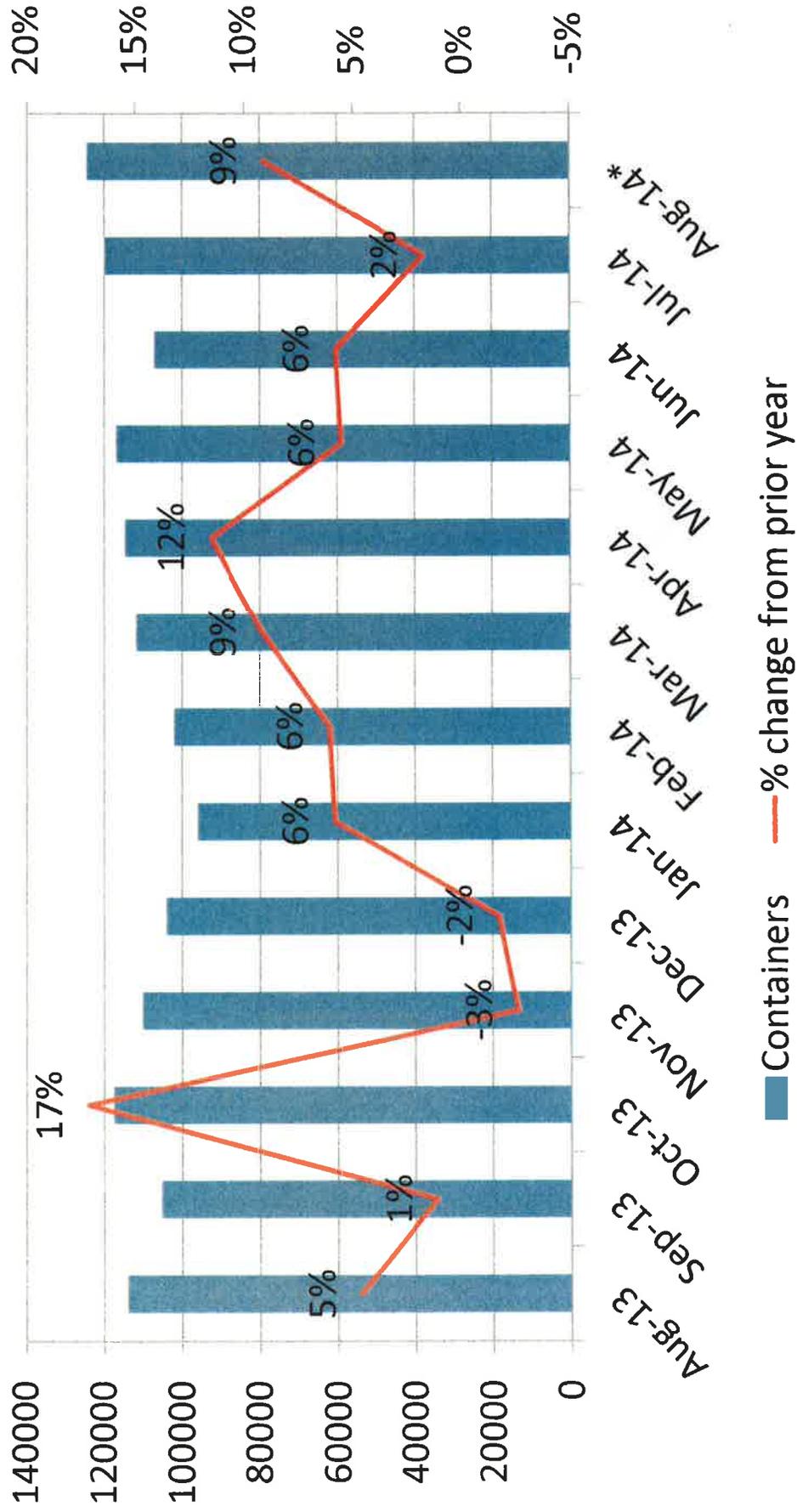


Calendar Year-to-date: January - July

	CY14: Jan-Jul	CY13: Jan-Jul	Change	% Change
Total TEUs	1,344,425	1,259,413	85,013	6.8%
Export TEUs	724,709	674,631	50,078	7.4%
Import TEUs	619,716	584,781	34,935	6.0%
Total Containers	769,595	722,934	46,661	6.5%
General Cargo Tonnage	10,833,867	10,649,606	184,261	1.7%
Container Tonnage	10,621,977	10,448,249	173,728	1.7%
Breakbulk Tonnage	211,890	201,357	10,533	5.2%
Total Rail Containers	259,089	242,876	16,213	6.7%
VIP Containers	21,142	16,881	4,261	25.2%
Total Barge Containers	30,245	27,782	2,463	8.9%
Total Truck Containers	480,261	452,276	27,985	6.2%
Ship Calls	1,117	1,095	22	2.0%
Vehicle Units	20,714	16,031	4,683	29.2%



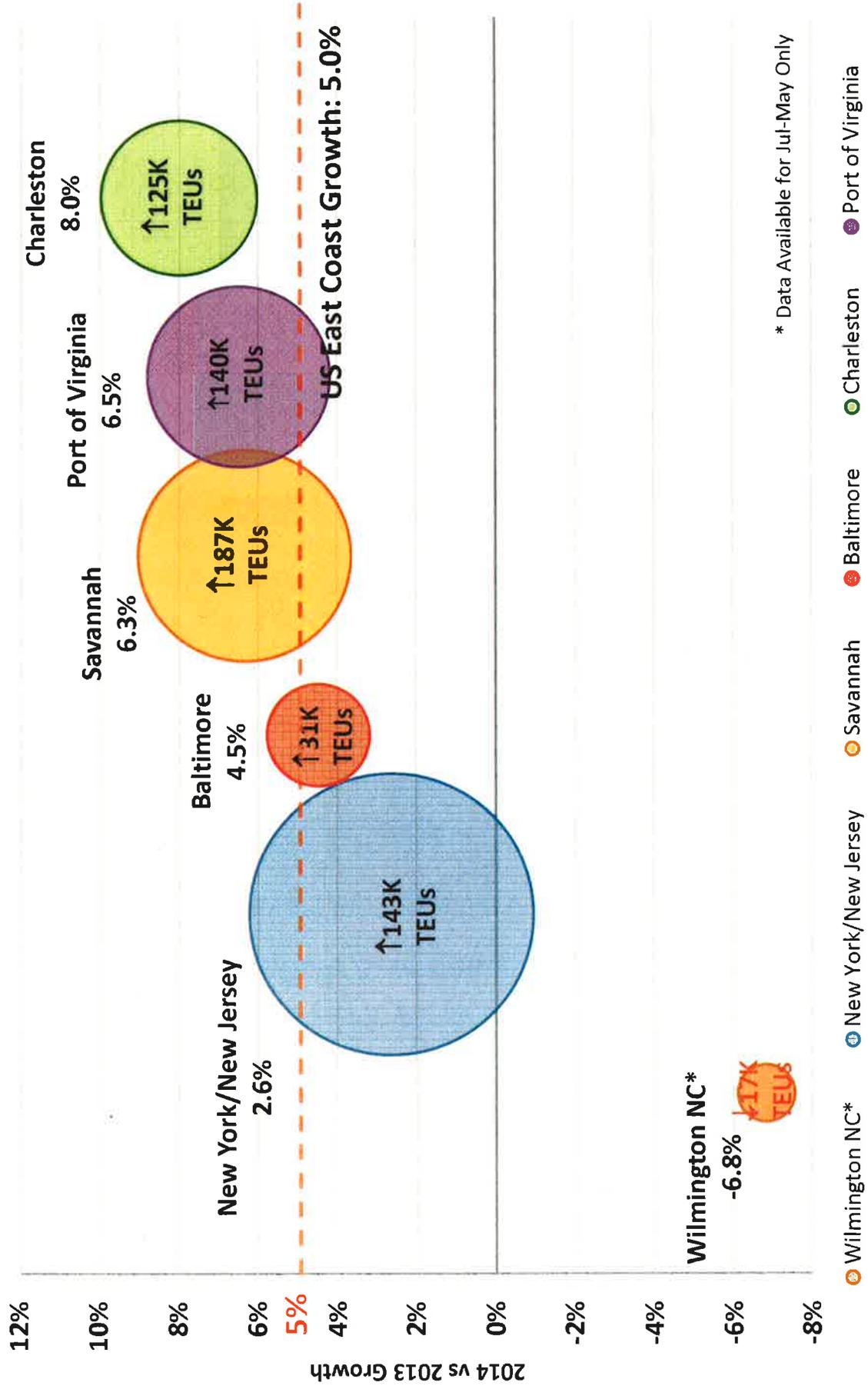
The Port of Virginia Containers



*August 2014 numbers are preliminary. 3

Major USEC Ports Growth

Growth: FYTD 2014 vs. 2013, July - June; Size: FY 2014 Total TEUs



* Data Available for Jul-May Only

- Wilmington NC*
- New York/New Jersey
- Savannah
- Baltimore
- Charleston
- Port of Virginia

- Turkon three-year contract extension
- MSC Indus Express started calling VIG
- PMT movement:
 - Working with ACL, HSUD, CSAV, G6, CSG, UASC and MSC to move initial services to PMT
 - Working out agreements with railroads for drayage to/from PMT



Cargo Sales Highlights

- Michelin
- Continental Tire
- Port of Richmond
- Grifols
- PS International
- Ashley Furniture

- NNMT
 - PEPCO project (GE loaded 23 pcs 23 tons & 1 piece 305 tons to BBC Mont Blanc
 - GE
 - CrossGlobe vessel operation (paper)
- NIT
 - Handled (7) heavy lifts for Dominion Virginia Power in July
 - Handling modules approx. 24000# each for export on ACL going to Gothenburg, could handle up to 300 modules (Liebert Corp, MN) The modules will create data centers for Facebook in Sweden.
 - Received (3) transformers for Dominion Power going to Fredericksburg, VA. in August each one is approx 172,000 #, loaded by Sampson crane to over the road trucks

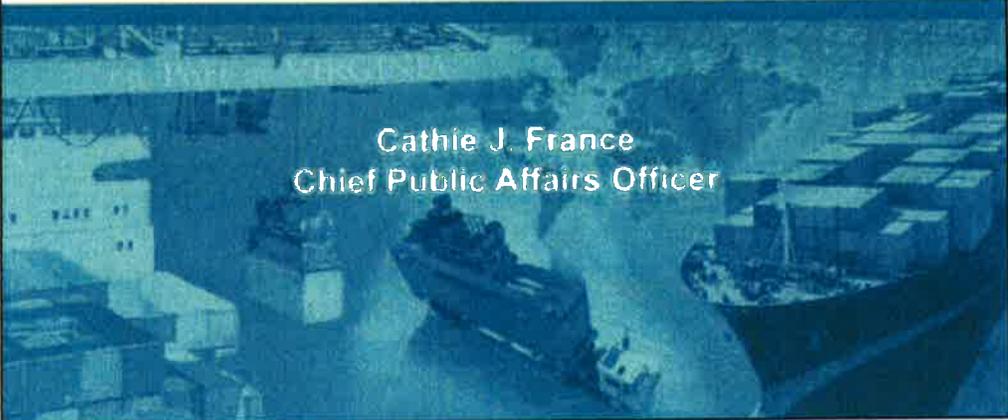


Board of Commissioners

Session 361

September 16, 2014

Public Affairs Update

An aerial photograph of a port terminal, showing several large cargo ships docked at a pier. The area is filled with stacks of shipping containers and various port infrastructure. The image is overlaid with a semi-transparent blue filter.

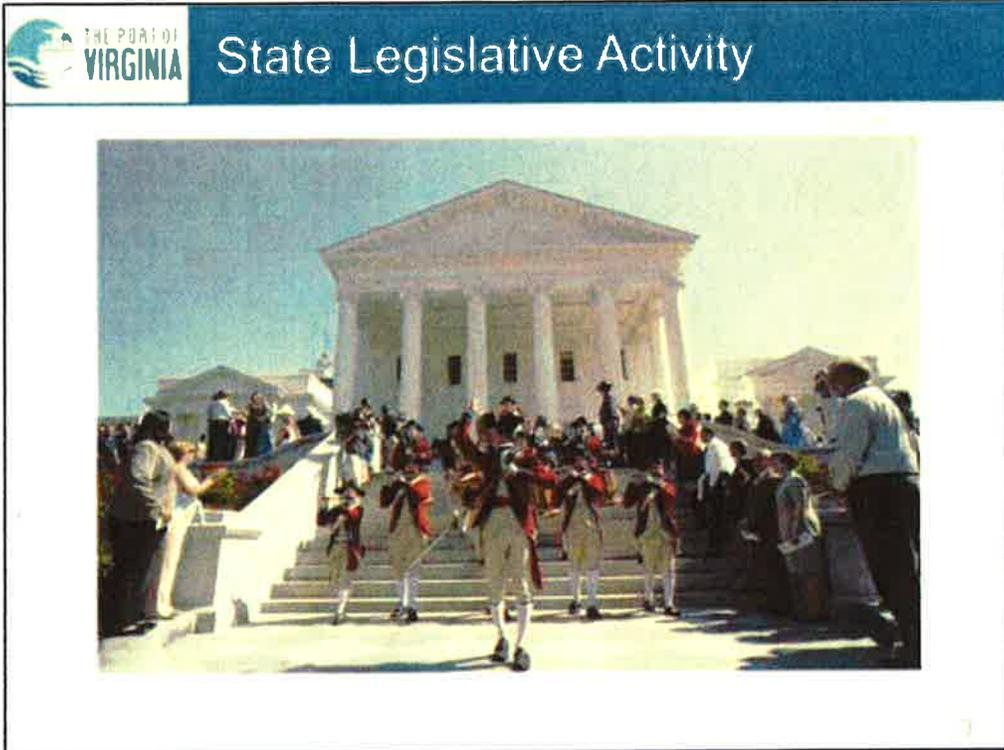
Cathie J. France
Chief Public Affairs Officer



Government/Community Affairs



- Selection of Federal Lobbyist
 - Federal Advocates
 - Hosted Planning Meeting and Tour on August 19
- New Team Member:
 - Sarah McCoy, Local Government Affairs & Community Relations Manager



- Legislative Proposals Submitted to Secretary of Transportation for consideration.
- Streamline of process for acquiring or conveying property.
- Grant Port Police authority on leased property.
- Allow a company to receive a second Port Economic and Infrastructure Development Grant if the project is significant.
- Update the requirements of the Port's retirement system to reflect current practice including changes made to VRS.
- Authorize the Port to operate and maintain Foreign Trade Zones outside the borders of the Commonwealth.

*Refer to appendix at end of presentation for Budget and Legislative timelines



- Hampton Boulevard
 - Hosted three well attended public meetings.
 - Anticipate City Council action by end of September.
- PMT Reopening
 - Outreach to elected and community leaders.



August 28, 2014 - Governor Kaine in the Atlantic Maritime Center with Governor's Secretary

- Hampton Roads General Assembly Caucus – August 14
- Congressman Rigell on Coastal Energy – August 20
- Congressman Rigell on Coastal Energy – August 20
- Senator Kaine visit with Army Corps – August 28
- Senator Kaine visit with Army Corps – August 28
- VA Congressional Staff – August 29
- Congressman Wittman Staff – September 2



- **July & August** (news releases)
- Storm Updates and lack of impact on Operations
- Volumes: Port Records Record-Setting FY 2014, June Volumes Strong
- Region's Coffee-Industry Gets Boost with Port Certification
- Virginia International Gateway Is Open For Business
- Fiscal 2015 Begins With Record Cargo Volume and Profitability
- Port Cuts Operating Losses; Consolidated Revenue Increases
- **Use of Facebook and Twitter**
- 17 operational alerts (July = 8 / Aug. = 9), 18 general interest messages, 161 Tweets (July = 80 / Aug. = 81), Four job postings, Independence and Labor Day messages to employees and customers
- Virginia Business-Calming the Seas



Website Project





- **Evans Distribution** recently opened a new warehouse facility in the Richmond market
- This new warehouse expanded Evans' Virginia presence by 93,778 square feet
- **Core Health & Fitness LLC** will invest \$2 million to expand the former Med-Fit operation in Grayson County
- They will create 250 new jobs and manufacture commercial fitness products
- Virginia successfully competed against California and China for the project
- **InterChange Group, Inc.**, a warehousing and logistics company, is planning on expanding its Front Royal location
- The company is planning to build a 126,000 square-foot speculative building
- **Independence Lumber** announced the rebuilding and expansion of its sawmill operation that was destroyed by fire in November of 2012
- The company will invest more than \$5 million, retain 57 current jobs, and create 25 new jobs at the site
- They will purchase 90% of the timber needs from Virginia forests
- **Hansen Turbine**, a manufacturer of coating spray applications for the aircraft and turbine parts coating industry, will invest \$2.5 million to expand operations in Grayson County. The project will create 25 new jobs

- **Continental**, a leading international automotive supplier, will invest approximately \$150 million to expand its operation in the City of Newport News
- Continental's investment will start up turbocharger production and increase production of Continental's gasoline high pressure injector, fuel rail and pump assembly lines
- This will create approximately 500 new jobs
- Virginia successfully competed against Mexico



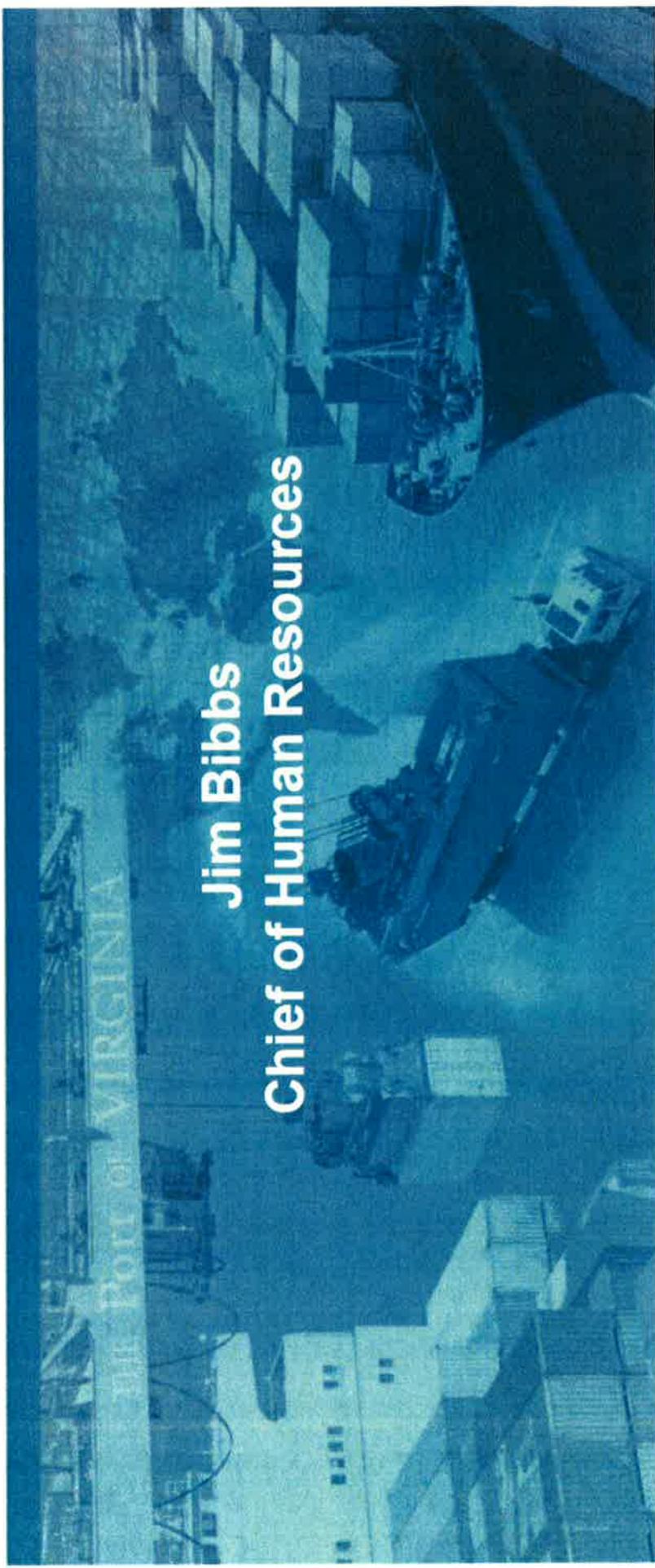
Board of Commissioners

Session 361

September 16, 2014

Human Resources Update

Jim Bibbs
Chief of Human Resources



- Leadership team member to receive direct and timely feedback to build a high performing team and culture
- Members of the Leadership Team received feedback from their immediate circle (colleagues/supervisor/interested stakeholders)
- The goal is to map specific paths to each member's individualized development
- 4 members of the SLT and 2 of their direct reports

The Performance Appraisal Process shall ensure that all employees:

1. Are aware of what is expected of them
 - Write S.M.A.R.T. performance goals and objectives
2. Are provided with continuous feedback about their performance
 - Monitor and Coach – Interaction Management to include mid-year review session
3. Are provided with opportunities for collaboration, training and development
 - Encourage improved performance and growth
4. Are treated in a fair and equitable manner
 - Consistently rate all employees



S.M.A.R.T. Goals

- Developed and executed a series of interdisciplinary workshops training all managers and colleagues about S.M.A.R.T. Goals and objectives and how to use The Port of Virginia's values and behaviors to achieve and create one's goals, which will then be used for performance metrics
- SLT went through training first
- HR scheduled 16 mandatory manager training sessions in August
- The trainings were to highlight differences between goals and objectives
- Train managers on how to write S.M.A.R.T. Goals (Specific/Measurable/Achievable/Relevant/Time-bound)
- 19 training sessions for all colleagues through month of September (at all POV locations)



S.M.A.R.T. Goals

- In August, SLT created overarching organizational goals to be cascaded down
- Generated goals from the organization's vision statement
- Four objectives listed to select from for teams and individuals to create measurable performance metrics.
- September 4, 2014, Town Hall session to introduce to enterprise



Fiscal Responsibility

We will treat company money like our own, align project priorities and maximize opportunities for alternative funding. We will seek a positive return on capital investments, both human and financial, and deliver projects on time and under budget.

- Goal 1: Year-over-year cost reduction by 5%
- Goal 2: Achieve a healthy and growing operating profit by targeting an operation margin of 5% on revenue.
- Goal 3: Ensure investments/expenditures are aligned with the Facilities Optimization Plan and Strategic Growth Plan
- Goal 4: Procure goods and services in accordance with policy



THE PORT OF
VIRGINIA

Deliver Sustainable Growth

We will understand the costs of successfully running our business, conduct thorough, critical and disciplined financial analysis before commitments and decisions are made, and continue to diversify our cargo base beyond the container.

- Goal 1: Operate with a focus on continuous improvements that result in enhanced safety, efficiency, and positive environmental impact
- Goal 2: Establish and implement a selling price strategy for our product/services
- Goal 3: Evaluate adjacent markets and grow consistent with market or slightly better
- Goal 4: Strategically invest and reinvest in our people, equipment and capital to increase operating efficiency today and tomorrow



THE PORT OF
VIRGINIA

Excellence in Operations

We will achieve industry best in class standards within every area of our organization and harvest our organizational structure to align services, create efficiencies, and improve velocity.

- Goal 1: Quality management of our established processes & their continuous improvements
- Goal 2: Perform to agreed standards & metrics that maximize service to our internal and external customers
- Goal 3: Utilize technology to increase innovative practices across the organization
- Goal 4: Improve operational yield, effectiveness and velocity in every part of the business (cost, internal controls, etc.)



Living Our Values

We will foster trust across the organization and with our external stakeholders and empower our colleagues to take informed risks, be ever present, demonstrate their strengths and work as one

- Goal 1: Hold ourselves and each other accountable for living the values in our day-to-day internal and external interactions
- Goal 2: Listen and give others room to grow and contribute
- Goal 3: Celebrate successful implementation of the values demonstrated by act and deed
- Goal 4: Create opportunities for collaboration and communication within teams and across divisions

Succession Planning

- Plans are to begin this process with the SLT mid October 2014
- Assess SLT and direct reports for successors within the organization
- Gain understanding of organizational bench strength of ready now (0-12 mos) and ready later (1-3 years) successors
- Perform gap analysis of talent to needs and if there are gaps, acquire talent from the market
- Highlight critical resources where we have single point of failure and share the knowledge to strengthen organizational capabilities



- Below are the recommended vendors from our Benefits RFP for year 2015:

Type of Benefit	Provider
Medical	Anthem
Dental	Delta Dental
Life & Vision	Metropolitan Life Insurance Company
Disability	CIGNA
Flexible Spending Account	ADP
COBRA	Flexible Benefit Administrators
Health Savings Account	Health Savings Administrators
Employee Assistance Program	Bon Secours
Family Medical Leave Act	CIGNA