

MINUTES

MEETING - Board of Commissioners - Session 368

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
September 22, 2015

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular meeting on September 22, 2015, 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
Jennifer D. Aument
J. William Cofer
Alan A. Diamonstein
Gary T. McCollum
Val S. McWhorter
Kim Scheeler
Deborah C. Waters
F. Blair Wimbush
Manju S. Ganeriwala, State Treasurer

Commissioners Absent:

John N. Pullen, Vice Chairman
Martin J. Briley
Faith B. Power

VPA Staff:

John F. Reinhart, CEO/Executive Director
Rodney W. Oliver, Chief Financial Officer
Cathie France, Chief Public Affairs Officer
Joseph P. Ruddy, Chief Innovation Officer
James W. Noel, III, General Counsel
Russell Held, Senior Vice President, Business Development
Matthew Barnes-Smith, Vice President, Financial Planning & Analytics
Jay Stecher, Vice President, Marketing and Communications
Christopher “Kit” Chope, Vice President, Sustainability and Process Excellence
Andrew Sinclair, Director, Government Affairs
Sarah McCoy, Manager, Local Government & Community Affairs
Joe Harris, Senior Director, Media Relations/Spokesman

VPA Staff (continued):

Carla Welsh, Director, Creative Services and Brand Management
Sarah Dezern, Executive Administrative Assistant
Debra J. McNulty, Clerk/Secretary to the Board

Virginia International Terminals, LLC (VIT) Staff:

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

Guests:

The Hon. Aubrey L. Layne, Jr., Secretary of Transportation
Grindly Johnson, Deputy Secretary of Transportation
Brice Fiske, Office of the Attorney General
JoAnne Carter, Public Financial Management (PFM Group)
Bryant McGann, Vandeventer Black LLP
Eric Sisco, Virginia International Gateway (VIG)
Steve Bain, ABS

Media

Alanna Durkin, *The Associated Press*
Robert McCabe, *The Virginian-Pilot*

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 28, 2015, were unanimously approved, as circulated.

II. Reports of Committees

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

Chairman Milliken reported that the Executive Committee met in closed session yesterday and reviewed The Port of Virginia (POV) plans for the optimization of Norfolk International Terminals (NIT) – “Plan B”. Secretary Layne reported that he had the opportunity to brief the Governor, Secretary Brown, Treasurer Ganeriwala, and House Appropriations on plans for NIT. He assured the Board that there is support from the legislature to invest in the port through the Governor’s infrastructure funding which, the Secretary mentioned, is a cornerstone of Governor McAuliffe’s “New Virginia Economy” Strategic Plan.

Mr. Reinhart mentioned that discussions are also continuing with the owners of Virginia International Gateway (VIG) on the potential for a long-term lease.

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

Mr. Diamonstein reported that the Growth and Operations committee yesterday and heard from Shawn Tibbetts, Chief Operations Officer, regarding service level updates, the RK Johns assessment, facilities optimization, and how POV will meet the growing demand. Mr. Diamonstein asked Mr. Tibbetts to provide an operations update at this time.

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

At this time, Ms. France distributed an informational package that was requested in Committee yesterday defining traditional/expanded gate turn-times, a revised graph, and minutes from the Port Productivity Summit that was held on September 15. The information is attached hereto.

Mr. Tibbetts reviewed safety metrics and reported that POV's FY16 lost work days (LWD) rate for 200,000 man hours is currently at 1.18; well below the industry standard. He reported that rail and gate/barge volumes were strong across the board and he reviewed metrics for each terminal. Mr. Tibbetts reviewed rail volumes and dwell times at NIT and VIG and reported that the new Customs and Border Patrol (CBP) portals are online at NIT with future construction on the way.

Mr. Reinhart reported that the new initiatives put in place over the last two months are starting to pay off with improved rail dwell-time and turn-times. Mr. Tibbetts reported that rail dwell times at VIG are well below the industry standard and that the interim paving project recently completed has helped to increase the velocity and space at the terminal.

Mr. Tibbetts presented a revised slide from yesterday's report on POV turn-times that describes the difference between traditional vs. extended times. He reported improved turn-times at all of the marine terminals.

Mr. Reinhart reported that the improvements in turn-times are attributed to the team and to the stakeholders of the Port and he commended everyone for their efforts. He referred to the minutes of the Port Productivity Summit that were distributed and announced that efficiencies and improvements were recognized throughout the port industry.

Secretary Layne reported that Universal Leaf had contemplated a move to Wilmington due to congestion at POV terminals. The Secretary announced that Governor McAuliffe recently received a letter from Universal Leaf commending the improvements at POV and their commitment to keep their business in the Commonwealth. Secretary Layne thanked the POV team and the Board for their efforts and he said he would provide a copy of Universal Leaf's letter.

Mr. Tibbetts continued with a review of net crane moves per hour, rail volumes per man-hour, and a comparison of straight-time vs. over-time percentages. He advised that the operations team is working hard with process improvement and port partners to improve net crane moves per hour.

Addressing Chairman Milliken's question, Mr. Tibbetts explained the major factors that affect productivity, including congestion, volume of containers, and lack of preparation to handle the big ships. He advised that we need capacity and equipment to handle the volumes. Mr. Reinhart reported that the new equipment approved by the Board has helped improve productivity and he mentioned that weekly meetings are being held with the stevedores.

At this time, Mr. Tibbetts presented the plan for Phase I - NIT South Conversion. **Attached are copies of the slides outlining the planned construction for NIT South.** The Secretary announced that the \$350 million for Phase I would be included in the Governor's capital budget that he had mentioned earlier. A discussion ensued.

Ms. Aument commended the team on the improvements at the terminals and maintaining a good safety record. She asked what is being done to continue to drive safety measures. Mr. Tibbetts explained that operations and risk management teams have meetings planned to address safety and a full report would be provided to the Board.

Mr. Reinhart announced that POV will be releasing its first Sustainability Report on October 1st in electronic version which will address our commitment to safety, our environmental responsibility, including emissions, etc.

Chairman Milliken talked about POV's "path forward" that involves the optimization of NIT, continued improvements at PMT, as well as continuing our discussions with the owners of VIG.

The Chairman emphasized the need for POV to keep up with the demand in order to maintain our place as the premier Mid-Atlantic port and to become the second largest Port on the East Coast.

Secretary Layne expressed appreciation to the Board's Executive Committee for their efforts in providing options for the best use of our capital and he said The Port of Virginia needs to control its own destiny, with the Board's guidance, and in the best interest of the taxpayers.

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

Mr. Diamonstein reported that the Growth and Operations Committee heard from Tom Capozzi, Chief Sales Officer, who provided updates on certain ocean carriers, cargo sales, break-bulk, ro-ro sales, and our inland terminals. Mr. Diamonstein then turned the meeting over to Mr. Capozzi.

Mr. Capozzi reviewed fiscal year-to-date results for FY16 (July-August) and Calendar year-to-date results (January-August) as outlined in the attached copies from his presentation.

Mr. Capozzi reviewed TEU volumes at the major U.S. East Coast ports. A discussion ensued with regard to several major projects taking place at competing ports.

Mr. Capozzi announced that Zim has renewed their contract for three years starting in August. He explained that all three of Zim's main vessel services are now calling at POV.

3. Human Resources Report – James Bibbs, Chief Human Resources Officer

Mr. Diamonstein announced that Mr. Bibbs addressed the Growth and Operations Committee on various personnel related matters and certain performance metrics.

Mr. Bibbs reported on POV's recently conducted Employee Engagement survey that resulted in 90% participation by colleagues throughout VPA, VIT, and HRCP (Hampton Roads Chassis Pool).

Mr. Reinhart explained that this was the first engagement survey conducted at POV which has set a baseline that provides data and information with which to build into our goal setting and performance management. Mr. Reinhart reported that the survey will be conducted every year to show progress. He advised that the leadership team and management will be acting on 4-5 key points that have been outlined from the employee feedback sessions and the Board will review the results next spring.

Ms. Aument and Mr. McCollum congratulated the POV team for focusing on employee feedback. The Secretary said it was an honor for him to join Mr. Reinhart at tomorrow's All Colleagues meeting and to be able to personally express appreciation to the entire POV staff, on behalf of the Governor and Commonwealth of Virginia.

Mr. Bibbs continued with a review of preparations that go into organizational goal setting. He advised that quarterly meetings will be held to ensure consistent dialog between employers and employees.

Chairman Milliken remarked that POV cannot achieve its operational metrics without the people who work at the Port and he thanked everyone.

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

Mr. McCollum reported that the Finance and Audit Committee met yesterday afternoon and discussed the status of the VIT and VPA financial statements and the related audits. He advised that the Committee was also briefed on the status of certain pending real estate acquisitions, the Port of Richmond lease and related barge operation, and certain legal matters. Mr. McCollum announced that no actions or votes were taken by the Committee.

At this time, Mr. Oliver reviewed the VPA/VIT consolidated income statement for the month ended July 31, 2015. He reported that POV had a good start for first month of the new fiscal year.

Mr. Oliver reported that POV is ahead of prior year July 2014. Secretary Layne requested that the report include a historical budget comparison.

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

III. Report by Chief Public Affairs Officer – Cathie France

Ms. France reported that POV is closely working with legislators on several Congressional bills that include Transportation Reauthorization and the Senate DRIVE Act. She mentioned several Congressional members and staff who recently visited the port.

Ms. France announced that POV was invited by the ports caucus to present next week to their chiefs of staff and a meeting with the Office of Management and Budget is planned for October 8th to discuss maintenance dredging and construction funding.

Secretary Layne inquired about POV's port classification. Ms. France reported that the Army Corps of Engineers approved the consolidation of our marine terminals (NNMT, NIT, PMT, and VIG) in its risk assessment which will move POV up to sixth place in the nation for competitive port security funding. Ms. France advised that the Port of Richmond was not

included in this round as we had not secured the long-term lease when the agency finalized their decision.

Mr. Reinhart recognized Commissioner Cofer for his efforts throughout the years in raising awareness about this certification.

Ms. France announced that the Richmond City Council, last week, unanimously approved a 40-year lease with POV to operate the Richmond Terminal. She thanked Secretary Layne, Deputy Secretary Johnson, Commissioner Kim Scheeler, James Noel, and Sarah McCoy for their efforts on this project.

Ms. France reported that the new mobile harbor crane for the Richmond Terminal is scheduled to arrive first quarter of 2016; POV is looking to secure a larger barge service; and working with the MPO and P3 offices to bring more economic development to the region.

Secretary Layne, Chairman Milliken, and Mr. Diamonstein each expressed appreciation to all who were involved in securing the long-term lease.

Ms. France mentioned the recent port tour that was conducted for Site Selectors.

She reported that POV is also engaging with elected officials and economic development partners through quarterly webinars that describe the latest metrics and news about the port. Ms. France announced several economic development projects including approval of a Foreign Trade Zone sub-zone site for Keurig Green Mountain.

Ms. France talked about the recent Port Productivity Summit that was held and she referred to the minutes of the meeting that were distributed. She also described the trade symposium that was held at the Virginia Inland Port recently.

Ms. France presented new port advertisements and explained the branding efforts by the Marketing and Communications division (MarComm) throughout the organization, that include branding for the Sustainability Report (e-book) and new e-newsletter format for colleagues.

Ms. France reported recent training activities of the Maritime Incident Response Team (MIRT) and Emergency Operations. She also announced that the Discovery Channel will be visiting POV to shoot a segment for their upcoming program "Mega Shippers" that will feature some of our port partners in the maritime industry.

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

Mr. Ruddy presented a photo of the newly-remodeled Pinner’s Point Container Yard (PPCY) and he described the purpose for the empty-container facility, the structural improvements, and technological features that have been installed. A discussion ensued.

Mr. Ruddy described the work that went into planning for the extended gate hours at VIG, in preparation for peak season.

He announced that the POV is looking to secure a vendor for POV to produce more reliable and sustainable reports and dashboards internally and externally.

Mr. Ruddy announced the Sustainability Report (e-book) will be available the first week of October and will focus on POV initiatives with regard to safety, the environment, process excellence, and community service. He credited Kit Chope and Jay Stecher for their work on the project.

Mr. Ruddy advised that a team has been developed to work on the NIT optimization projects that include the North Gate, Third Street Rail Portal, and the completion of Phase I of NIT South that was described earlier.

Mr. Ruddy described progress on the following projects:

- North Gate
- Third Street Rail Portal
- Dredging near Pier I at NIT and hydrographic surveys of all terminals
- Information Technology
- Truck Reservation System – Testing Phase
- N4 Terminal Operating System plans for VIG

Secretary Layne remarked that he was very impressed with the quality of reporting from the Senior Leadership Team.

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

In closing, Mr. Reinhart addressed the Board, as follows:

“Under your leadership and direction, our service levels continue to improve and we are headed in the right direction. Our fiscal performance is strong, we have created a foundation by which we can now look to invest in the future. We are doing prudent capital planning and investments under your guidance. Our human resources, talent development, recruiting, and

building engagement is well under way and that is a tribute to the Team. The Richmond long-term lease was a huge strategic step that we said we needed to get done and now it has been accomplished and we are going to implement it. Our business growth and peak season planning continues to stay up and ahead of some of the competition. We are developing deeper, safer, wider and we are going to make it happen. We are partnering with labor and all stakeholders in a way that is transparent and collaborative which has not been seen in this port in many years, is bearing fruit. We are releasing the Sustainability Report which is another effort at being forward thinking, forward leaning, and putting ourselves out there to be accountable. When I look at what we have done – we are building a brand, we are delivering results, and we are anchoring the values. We are creating a Port of Virginia that the Commonwealth so desperately deserves and needs, to drive economic development. I want to thank each of you for your guidance and leadership; I want to thank my leadership team for their hard work, but more importantly, I would like to thank every one of the colleagues who go to work every day to make The Port of Virginia successful. They have done a phenomenal job.”

VI. Unfinished Business

There was no unfinished business to report.

VII. New Business

There was no new business to report at this time.

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

Secretary Layne suggested that the VPA Board consider having a meeting in the Richmond area and conducting some of the meetings outside of Hampton Roads to impress the importance of the Port to constituents throughout the Commonwealth.

There being no further business and no public comments, the meeting adjourned at 10:35 a.m.

Respectfully submitted,



Debra J. McNulty
Clerk to the Board

The last meeting of the VPA Board of Commissioners for calendar year 2015 is scheduled for **Tuesday, November 17, 2015, at 9:00 a.m.**, in the Authority's Conference Room, 600 World Trade Center, Norfolk. (This meeting was rescheduled from November 24 due to the Thanksgiving holiday.)

Committee meetings are scheduled for Monday, November 16th (times pending).

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



Traditional and expanded gate turn times have steadily improved month-over-month since early 2015 under consistent and growing gate volumes.

Traditional – average time, in minutes, for a truck visit measured from in gate opening to out gate opening.

Expanded – average time, in minutes, for a truck visit from entry into the first measure point (portal) to out gate opening.

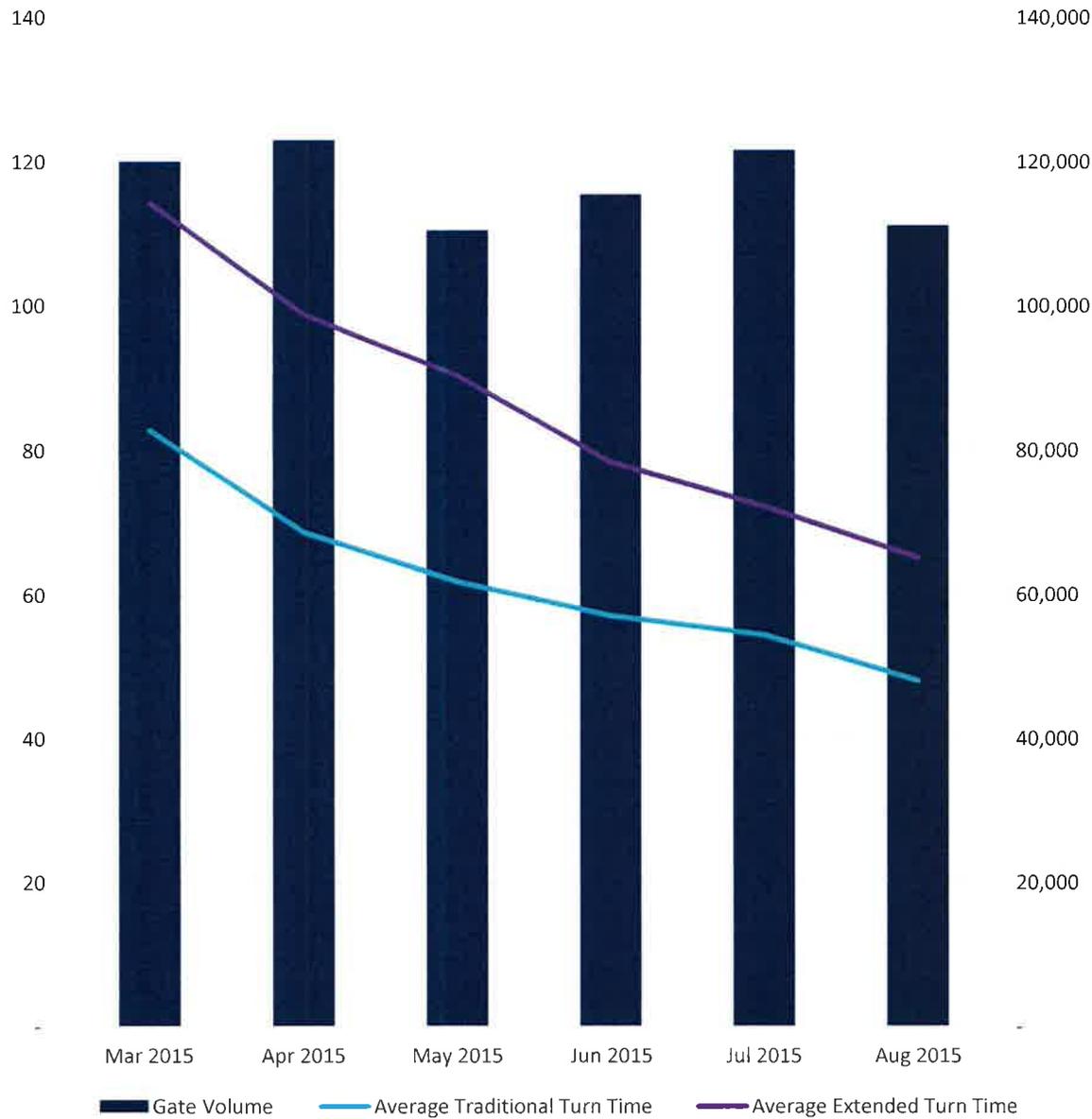
- Traditional turn times have decreased from an average of 83 minutes in March to 48 minutes in August.
- Extended gate turn times, inclusive of truck queue time, have decreased from an average of 114 minutes in March to 65 minutes in August.

The industry standard is 60 minutes. We are competitive with our ports to the South and better than our ports to the North.

Port of Virginia Gate Turn Times

- Traditional – average time, in minutes, for a truck visit measured from in gate opening to out gate opening.
- Extended – average time, in minutes, for a truck visit from entry into the first measure point (portal) to out gate opening.
 - Extended Turn Time = Traditional Turn + Gate Queue (measured from portal to in gate opening).

Turn time Trend against Gate Volume



Gate Turn Trends

- Month to Month Declines in Both Turn Time measurements since March
- Declines realized in parallel with consistent and increased gate volume
- Measurement represents performance cross the Port

On September 15, 2015, industry stakeholders met for the fourth time to address methods to ensure productivity across the port. John Reinhart shared progress reports on previous action items, as well as information on topics including capital investments, customer service, and peak season performance.

The industry segments represented at the summit included: Brokers/Forwarders, Customs and Border Patrol, International Longshoreman's Association, Maintenance and Repair, Motor Carriers, Ocean Carriers, Owner-Operators/Drivers, Pilots, Railroads, Shippers, Stevedores, Terminal Operators and Warehousing/Distribution.

The issues and solutions discussed included:

1. Capital investment updates
2. Workforce updates
3. NIT North Gate construction project
4. Reservation system
5. Customer service
6. Peak season performance indicators – Turn times and chassis utilization

The following are the industry stakeholder summaries and action items submitted for consideration:

Stevedoring

- Equipment quantity, condition and consistency - in need of repair and reliable assignment and condition
- Action Item: Continue efforts for greater levels of consistency and availability of operable equipment

Trucking Companies

- Recognition of improvements and progress
- Action Item: Encourage expanded industry utilization of extended gate hours

Warehousing

- Recognition of improvements and progress
- Guardedly optimistic about continued performance

Brokers/Forwarders

- Recognition of improvements and progress
- Shared customer comments; some favorable and some less favorable
- Action Item: Requested assistance from steamship lines for the facilitation of refrigerated cargo – pre-tripping reefers and availability of gen-sets.

Owner Operators

- Recognition of improvements and progress at all facilities
- Action Item: Request increased levels of responsiveness by staff at PMT to driver's needs

- Action Item: Review the reliability of the VIG's card readers as they lack reliability when compared to the card readers at NIT.

Beneficial Cargo Owners

- Recognized improvements and progress
- Action Item: Proactive communication regarding the industry initiatives implemented to ensure productivity and dispel misconceptions related to port performance
- Action Item: Request real time communication regarding vessels arrival and operations
- Action Item: Evaluate the use of a "Pier Pass" as used by West Coast ports

Labor

- Appreciative of improvements and recognized value of training of new employees
- Affirmed the benefit of the early return date policy for export loads

Pilots

- Recognized improvements in communication, but continues to have difficulty with line handling function.
- Action Item: Line handling issue to be addressed with ILA leadership

Steamship Lines

- Recognition of improvements and progress
- Affirmed the benefit of early return date policy for export loads
- Re-iterated the need for consistent and operable equipment for the stevedores.
- Action Item: Vessel productivity in need of improvement, some of which can be provided by the steamship line operations by efficient block stowing.

Rail

- Praise for VIG rail yard and the use of group code dispatch
- Concerned about possible shortage of CBP officers assigned to operations
- Concern expressed for additional radiation portals for PMT.
- Action Item: Industry stakeholders are encouraged to express their concern to congressional representatives and request adequate CBP funding.

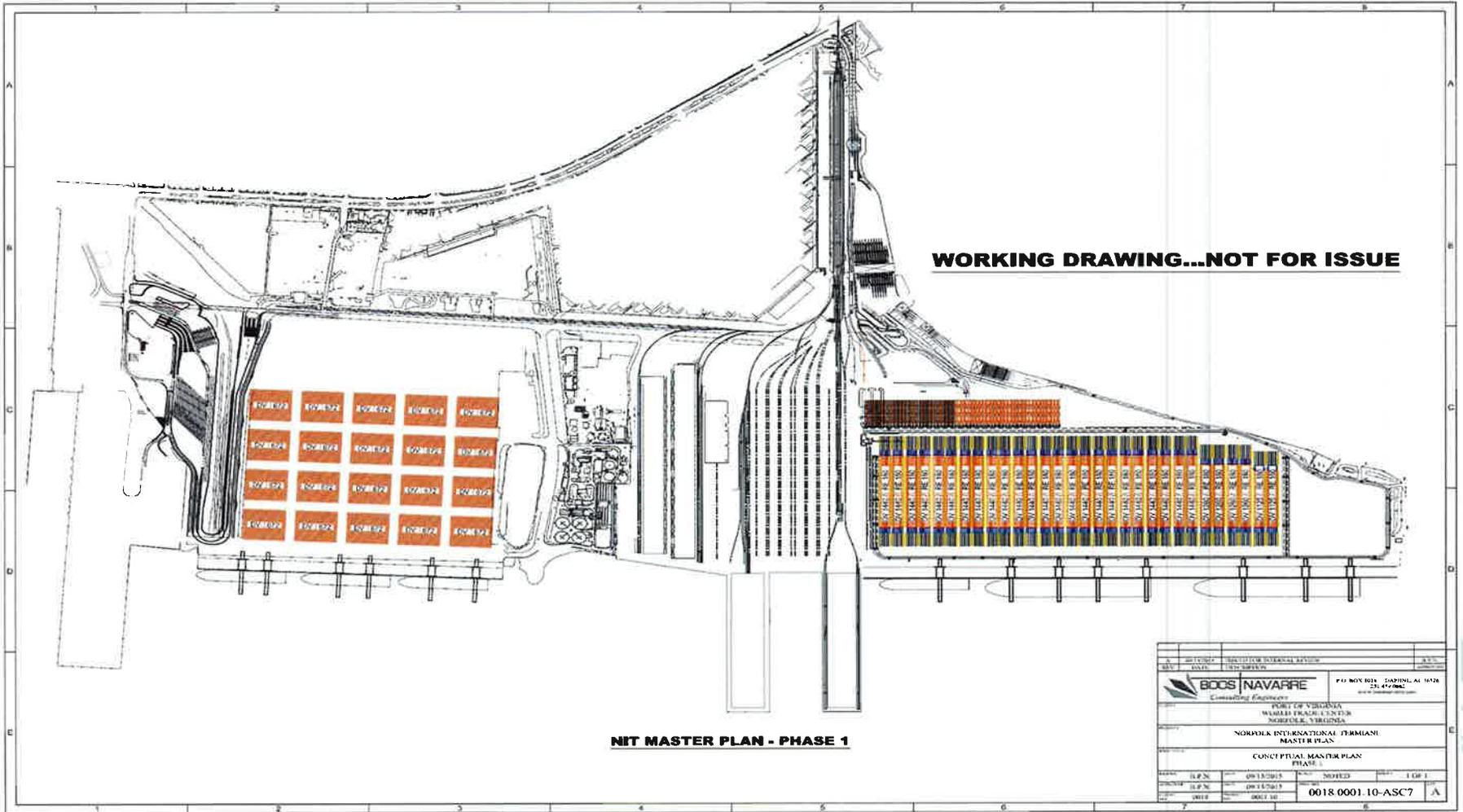
M&R

- The RSA was implemented as a result of past summit discussions and is now benefiting the community
- Additional labor within M&R has yielded positive results
- Street turn usage (Yadkin Road) has increased

Overall, the consensus among industry members was that improvements are evident and appreciated. Given this momentum, the industry seeks to maintain a focus on continuous improvement with the goal of bolstering the port's global reputation.

The industry stakeholders remain committed to continued communication and transparency. Accordingly, the VMA and The Port of Virginia will examine the summit format going forward with consideration given to future *ad hoc* Port Partners Summits. Further consideration will also be given to the establishment of two new committee structures hosted by The Port of Virginia designed to engage in an in-depth review of port operations with a focus on strategic planning, process improvement, and cooperative efforts to improve the competitive position of the port for all stakeholders.

Phase I NIT South Conversion



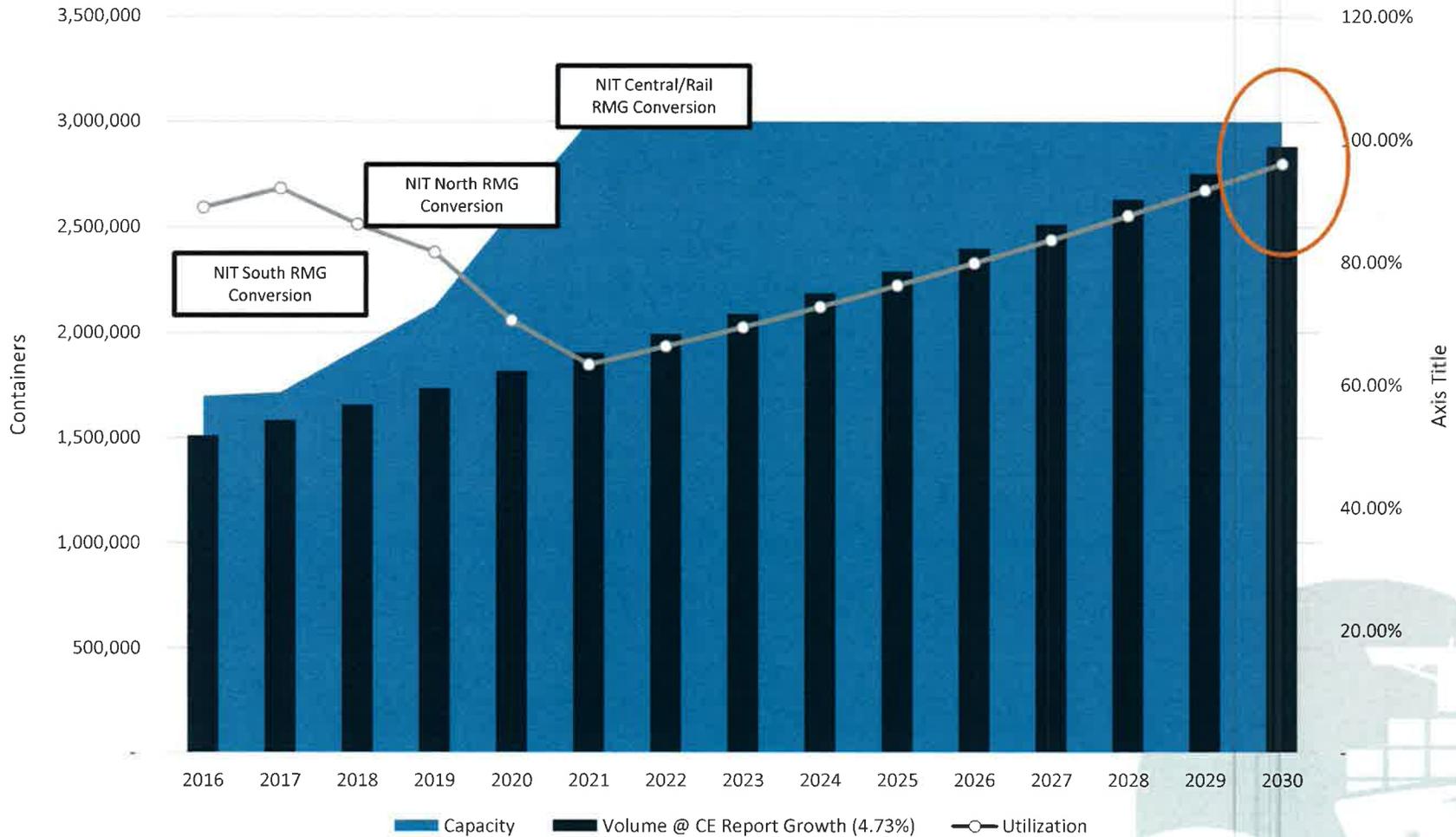
Phase I NIT South Conversion

Phase I includes North Gate, 3rd Street Rail and the South Yard conversion

- \$350 million Capital Needs
- First stacks complete by 2017
- All 30 stacks complete by 2019
- Increases capacity by 400,000 container annually



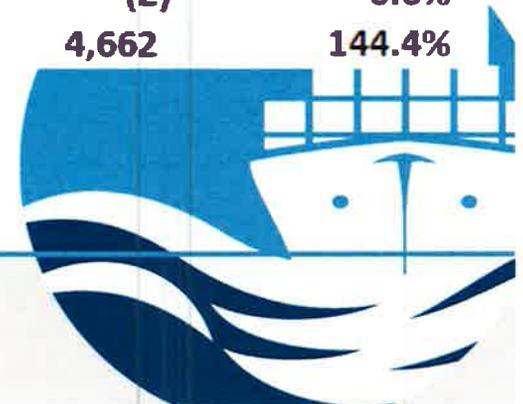
Capacity vs CE Report Growth



Fiscal Year-to-Date

Fiscal Year-to-Date: July - August

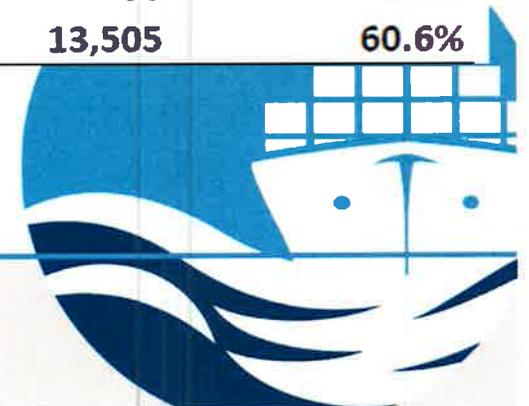
	FY15: Jul-Aug	FY16: Jul-Aug	Change	% Change
Total TEUs	422,126	446,057	23,931	5.7%
Export TEUs	226,158	243,585	17,428	7.7%
Import TEUs	195,969	202,472	6,503	3.3%
Total Containers	244,497	255,422	10,925	4.5%
General Cargo Tonnage	2,593,548	3,276,609	683,061	26.3%
Container Tonnage	2,538,886	3,225,772	686,886	27.1%
Breakbulk Tonnage	54,662	50,837	(3,825)	-7.0%
Total Rail Containers	78,580	85,497	6,917	8.8%
VIP Containers	6,347	6,945	598	9.4%
Total Barge Containers	10,364	9,266	(1,098)	-10.6%
Total Truck Containers	155,553	160,659	5,106	3.3%
Ship Calls	345	343	(2)	-0.6%
Vehicle Units	3,229	7,891	4,662	144.4%

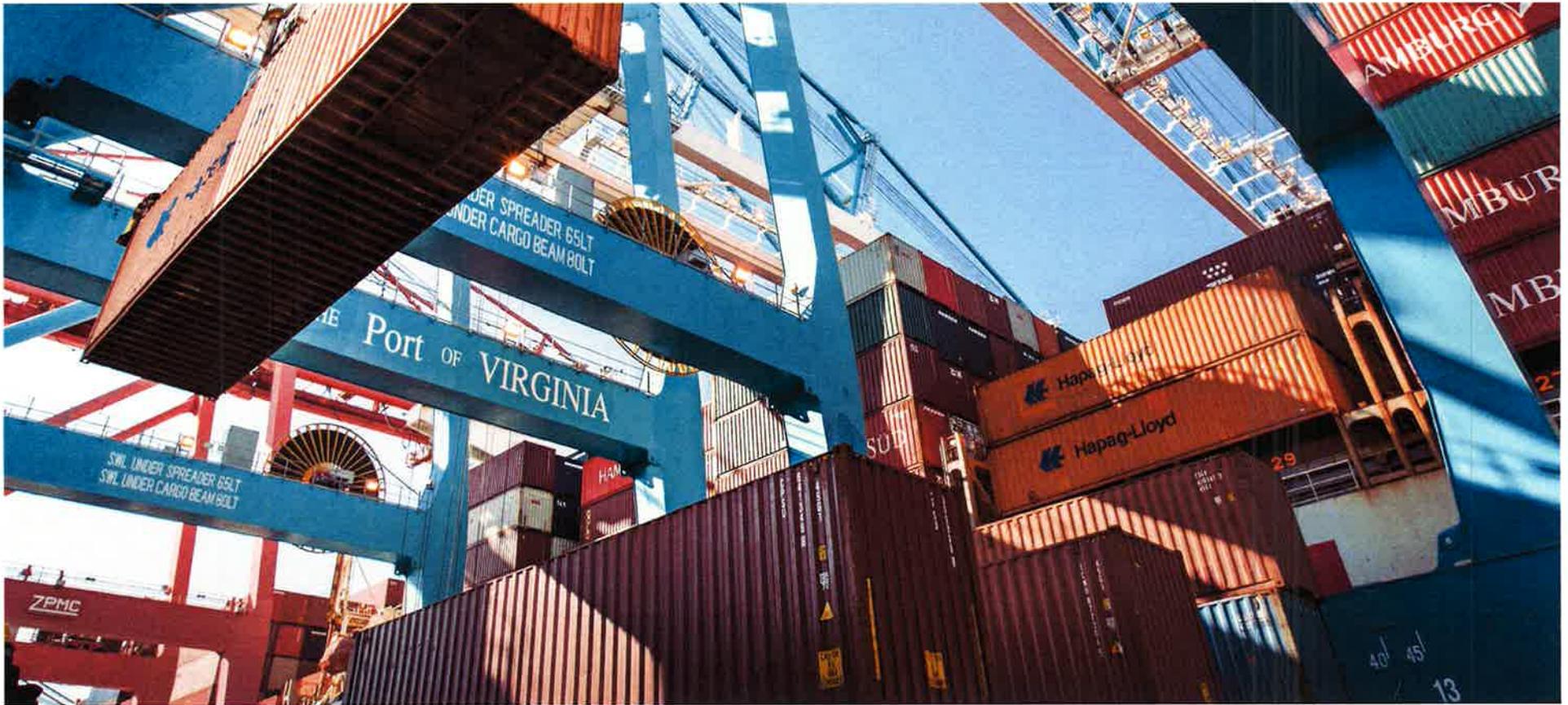


Calendar Year-to-Date

Calendar Year-to-Date: January - August

	CY14: Jan-Aug	CY15: Jan-Aug	Change	% Change
Total TEUs	1,558,781	1,699,773	140,993	9.0%
Export TEUs	844,831	920,356	75,525	8.9%
Import TEUs	713,950	779,418	65,468	9.2%
Total Containers	894,251	974,683	80,432	9.0%
General Cargo Tonnage	12,213,010	13,562,045	1,349,035	11.0%
Container Tonnage	11,970,132	13,357,448	1,387,316	11.6%
Breakbulk Tonnage	242,878	204,597	(38,281)	-15.8%
Total Rail Containers	299,862	324,581	24,719	8.2%
VIP Containers	24,144	23,961	(183)	-0.8%
Total Barge Containers	35,822	33,296	(2,526)	-7.1%
Total Truck Containers	558,567	616,806	58,239	10.4%
Ship Calls	1,286	1,316	30	2.3%
Vehicle Units	22,285	35,790	13,505	60.6%





Virginia Port Authority Board of Commissioners, Session 368, September 22, 2015

July 2015 Financial Update

Rodney W. Oliver
Chief Financial Officer



Stewards of Tomorrow



Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
July 31, 2015

	Actual	Budget	\$ Variance	% Variance
Operating Revenues	\$ 41,460,326	\$ 40,114,186	\$ 1,346,140	3.4%

- Actual container volume was 130,146 vs. 123,068 budgeted, 5.8% ahead of budget
- Operating Revenue was 3.4% over budget, primarily due to the increased volume

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
July 31, 2015

	<u>Actual</u>	<u>Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Operating Revenues	\$ 41,460,326	\$ 40,114,186	\$ 1,346,140	3.4%
Operating Expenses:				
Terminal operations	17,551,542	17,128,875	(422,667)	-2.5%
Terminal maintenance	7,933,469	8,114,311	180,842	2.2%
General and administrative	4,023,835	5,553,279	1,529,444	27.5%
Facility Rental	4,836,858	4,895,468	58,610	1.2%
Depreciation and amortization	4,313,183	4,156,535	(156,648)	-3.8%
Total operating expenses	38,658,887	39,848,467	1,189,580	3.0%

- Terminal operations expense was \$422.7 thousand (2.5%) over budget primarily due to volume
- Terminal maintenance expense was \$180.8 thousand (2.2%) under budget primarily due to the timing of certain repair and maintenance expenses
- General and administrative fees are \$1.5 million (27.5%) under budget due to vacancies and timing of certain expenditures
- Overall, operating expenses were \$1.2 million (3.0%) under budget for the month

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
July 31, 2015

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Total operating expenses	38,658,887	39,848,467	1,189,580	3.0%
Operating income (loss)	2,801,439	265,719	2,535,720	954.3%

- Operating income of \$2.8 million for the month of July was \$2.5 million more than budgeted due to higher revenues and lower general and administrative expenses

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
July 31, 2015

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Total operating expenses	38,658,887	39,848,467	1,189,580	3.0%
Operating income (loss)	2,801,439	265,719	2,535,720	954.3%
Non-operating revenues (expenses)	(307,352)	(693,204)	385,851	55.7%
Capital contributions and transfers	1,813,847	1,887,606	(73,759)	-3.9%

- Non-operating revenues (expenses) were \$385.9 thousand under budget , primarily due to more favorable rates of the debt refunding
- Capital Contributions and transfers were \$73.8 thousand under budget

Virginia Port Authority/Virginia International Terminals, LLC
CONSOLIDATED INCOME STATEMENT FOR THE MONTH ENDED
July 31, 2015

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Operating Expenses:				
Terminal operations	17,551,542	17,128,875	(422,667)	-2.5%
Terminal maintenance	7,933,469	8,114,311	180,842	2.2%
General and administrative	4,023,835	5,553,279	1,529,444	27.5%
Facility Rental	4,836,858	4,895,468	58,610	1.2%
Depreciation and amortization	4,313,183	4,156,535	(156,648)	-3.8%
Total operating expenses	38,658,887	39,848,467	1,189,580	3.0%
Operating income (loss)	2,801,439	265,719	2,535,720	954.3%
Non-operating revenues (expenses)	(307,352)	(693,204)	385,851	55.7%
Capital contributions and transfers	1,813,847	1,887,606	(73,759)	-3.9%
Increase (decrease) in Net Position	\$ 4,307,934	\$ 1,460,121	\$ 2,847,813	195.0%

- Increase in Net Position was \$4.3 million, \$2.8 million (195.0%) over Budget