

MINUTES

MEETING - Board of Commissioners - Session 377

Virginia Port Authority
600 World Trade Center
Norfolk, Virginia
January 24, 2017

The Board of Commissioners (“Board”) of the Virginia Port Authority (“VPA”) held its regular public session meeting on January 24, 2017, 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
J. William Cofer
Alan A. Diamonstein
Gary T. McCollum
Val S. McWhorter
Stephen Moret
Deborah C. Waters
F. Blair Wimbush
Faith B. Power (non-voting member)
Kim Scheeler (non-voting member)

Commissioners Absent:

Jennifer D. Aument
Manju S. Ganeriwala, State Treasurer

VPA Staff:

John F. Reinhart, CEO and Executive Director
James Bibbs, Chief Human Resources Officer
Rodney W. Oliver, Chief Financial Officer
Joseph P. Ruddy, Chief Innovation Officer
Cathie Vick, Chief Public Affairs Officer
James W. Noel, III, General Counsel
Matthew Barnes-Smith, Vice President, Strategic Planning
Russell Held, Senior Vice President, Business Development
Joe Harris, Senior Director, Media Relations
Andrew Sinclair, Director, Federal Government Affairs
Carla Welsh, Director, Creative Services & Brand Management
Debra J. McNulty, Clerk to the Board

Virginia International Terminals, LLC (VIT) Staff:

Thomas D. Capozzi, Chief Sales Officer

Shawn Tibbetts, Chief Operations Officer

Guests:

W. Brice Fiske, Office of the Attorney General

Bryant McGann, Vandeventer Black LLP

Arthur W. Moye, Jr., Virginia Maritime Association

Roger Giesinger, Hampton Roads Shipping Association

William Bateman, Savant Ltd.

Steve Bain, On Course Solutions LLC

David Stalfort, ABS Group

Media

Robert McCabe, *The Virginian-Pilot*

Safety Briefing

Mr. Ruddy conducted the safety briefing at this time.

Introductions

Mr. Harris introduced guests in attendance. Chairman Milliken welcomed Stephen Moret, the newly-named President and CEO of the Virginia Economic Development Partnership (VEDP). The Chairman announced that Mr. Moret is also a member of the VPA Board of Commissioners by virtue of his position with VEDP.

I. Approval of Minutes

Action: At the request of Chairman Milliken, the Board unanimously approved the minutes of the meeting held November 15, 2016, as circulated.

II. Reports of Committees

A. Executive Committee – John G. Milliken, Chairman

I. Report of Executive Committee

Chairman Milliken reported that the Executive Committee met in closed session yesterday to conduct the annual review of the Executive Director's performance and results for Calendar Year 2016. He explained that the Board annually develops incentive metrics for the Executive

Director with goals and targets that were defined last spring for CY16.

Chairman Milliken announced that in his 25+ years of working with The Port of Virginia, it was his opinion that CY16 was “the finest year the Port has ever had”. He remarked that the Port is on a good trajectory for the future, financials are under control, and that there are plans for long-term growth.

Chairman Milliken reported that the Executive Committee was of the opinion that Mr. Reinhart deserved 100 percent of his incentive compensation potential based on the results of CY16. The Chairman explained that Mr. Reinhart’s full incentive compensation potential is (up to) 50 percent of his base salary. At this time, he presented Resolution 17-1 for consideration by the Board.

Action: Upon motion by Chairman Milliken, seconded by Mr. Diamonstein, the VPA Board unanimously approved Resolution 17-1 (9-0), approving the award of 100 percent of the incentive compensation for John F. Reinhart, based on the results of CY2016 management incentive metrics.

Chairman Milliken congratulated Mr. Reinhart on his performance and the performance of the “excellent team” at The Port of Virginia.

At this time, the Chairman opened the floor for comments and congratulatory remarks were made by Commissioners Deb Waters, Gary McCollum, Faith Power, Kim Scheeler, Val McWhorter, and Vice Chairman John Pullen.

Chairman Milliken reported that POV “outstripped” other East Coast ports and several West Coast ports in terms of container growth last year. He remarked on the busy year that the Port had, including meetings with legislators, the Governor securing funding for NIT’s expansion, and successfully negotiating a 50-year lease to operate VIG.

B. Finance and Audit Committee – Gary T. McCollum, Committee Chair

Mr. McCollum reported the following:

The Finance and Audit Committee met yesterday afternoon and received presentations from management on the fiscal year-to-date 2017 financial results through November, the financial effects of the recently completed VIG capital lease and debt defeasance, the financial status of the NIT and VIG capital projects, and a revised budget proposal for the remainder of fiscal year 2017.

With regards to accounting for the recently completed VIG capital lease and debt defeasance:

- The Finance team has completed the research on the appropriate accounting treatment for the capital lease and recording of the transaction.
- The results of that work have been provided to the Commonwealth and the Ports auditors for review and comment.

With regards to the financial status of the NIT and VIG capital projects:

- This was the first such report from management, with the intent to provide updates at each meeting throughout the terms of the projects.
- Project expenditures have just begun for both projects.
- Current estimates are that the projects will be completed at or under budget.

With regards to the revised FY17 Budget:

- The Committee received a proposal from management to revise the FY17 budget to reflect the capital lease and defeasance transaction.
- Subsequent to the presentation, the Committee voted unanimously to recommend approval of the revised budget by the full board.

At the request of Mr. McCollum, the FY17 budget amendments were reviewed by Mr. Oliver and he presented a slide showing the “P&L Effect of the Capital Lease (Budget)”, a copy of which is attached hereto.

Action: Upon motion by Mr. McCollum, seconded by Mr. Diamonstein, the VPA Board adopted Resolution 17-2 (9-0), approving amendments to the Virginia Port Authority’s annual budget for the fiscal year ending June 30, 2017.

At this time, Mr. Oliver reviewed VPA and Virginia International Terminals LLC (VIT) combined financial reports for the month ended November 30, 2016, and FY17 year-to-date (July-November) financials.

Mr. Oliver reported that volume was 13% higher than budgeted for the month of November and prior year and that operating expenses were below budget. He congratulated Mr. Tibbetts and his operations team for their efficiencies at all of the terminals. Mr. Oliver reported that the first five months of the fiscal year were also ahead of budget and he reviewed FY17 year-to-date financials.

Mr. McCollum congratulated everyone on the fiscal year-to-date results. A copy of Mr. Oliver’s presentation is attached.

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

Mr. Diamonstein reported that the Growth and Operations committee met in closed session yesterday and heard from Mr. Tibbetts who provided a safety report that included the Port's preparations and response during the recent winter storm, Helena. Mr. Diamonstein reported that the Committee also received an operational update on the Richmond Marine Terminal transition and reviewed service level updates that included rail traffic and gate productivity.

Safety/Operations Report – Shawn Tibbetts, Chief Operations Officer

Mr. Tibbetts announced that the Lost Work Days (LWD) rate for FY17 year-to-date is currently at 1.69 compared with the industry average of 3.4. He advised that the Port had a 32 percent improvement in safety as a result of the programs put in place at the terminals and work of the Transportation Safety Unit (TSU). Mr. Tibbetts explained how colleagues at the terminals are rewarded for good behavior and are corrected for behavior that is unsatisfactory.

Mr. Tibbetts reviewed rail and gate/barge traffic at NIT and VIG, and overall rail volumes; and gate turn times and net crane moves per hour. He announced that CSX began double-stack services to VIG and NIT at the end of December.

Mr. Tibbetts reported that NIT had the busiest gate volume in the history of the port for the month of December. He reported that, due to high volumes, POV added extra gate hours (temporarily) at VIG from 3:00 a.m. to 7:00 p.m. in order to accommodate motor carriers who have asked for extended hours. Mr. Tibbetts said the program has received good feedback from truckers with hundreds of trucks arriving between 5:00-7:00 a.m. over the last few days.

On behalf of the operations team, Mr. Tibbetts thanked Mr. Reinhart for his leadership.

Mr. Diamonstein announced that the Growth and Operations Committee also heard from Mr. Capozzi who provided an update on the Port's confidential Strategic Growth Plan initiatives, service updates, port rankings, and new ship line alliances and contracts.

Mr. Diamonstein also mentioned that the Committee heard from Rich Ceci, Sr. Vice President of Technology and Projects, who provided an update on the major port projects and timelines for NIT and VIG and from Kit Chope, Vice President of Sustainability and Process Excellence.

Sales Report - Thomas D. Capozzi, Chief Sales Officer

Mr. Capozzi announced that CY17 was “a tremendous year” for The Port of Virginia - finishing the year with 4.2 percent growth in TEUs and 3.4 percent in container growth. He reviewed CY17 statistics, as outlined on the attached slide.

Mr. Capozzi explained that break-bulk tonnage was down 30.9 percent due to the Port’s decision to move from high-volume/lower revenue cargo to other types of business, for example, the wind turbine blades.

Mr. Capozzi reported that rail volume was up 13.9 percent and he acknowledged the Port’s good rail connections with Norfolk Southern and CSX. He described the double-stack service by CSX through the new Virginia Avenue tunnel that went live on December 24th and PMT’s on-dock rail service that started November 28th.

Mr. Capozzi spoke of Columbia Coastal’s barge business and its limited services from here to Baltimore, and how the Richmond barge has grown by 32.8 percent.

Mr. Capozzi announced that the POV sales team is negotiating for new vehicle business at NNMT. He announced new services that started and new contracts that were signed in 2016 and reviewed the peak season customer feedback results. Mr. Capozzi announced that he and Mr. Tibbetts will be calling on customers in April/May to prepare for next peak season.

Mr. Capozzi concluded with an overview of first-in/last-out services that POV secured with The Alliance and Ocean Alliance.

III. Report by Chief Human Resources Officer – James Bibbs

Mr. Bibbs took a few moments to also congratulate Mr. Reinhart on his leadership and achievements at the Port over the last three years.

Mr. Bibbs reviewed each of the following projects within the Human Resources division:

- Mid-Year Reviews will be conducted January 30-February 10 through the ADP system.
- Dependent Audit – FBA (a SWaM vendor) will conduct an audit of dependent enrollment with POV colleagues.
- Employee Engagement Survey – POV changed vendors from Avatar to TNS Employee Insights. Working on 2017 survey questions with the internal project committee and

the survey is expected to be distributed to colleagues on April 2.

- Outreach Ambassador Program – Developing current colleagues as “ambassadors” to assist with various outreach events. Ensure centralized and targeted approach to workforce development efforts and brand presentation. Program directed by Talent Acquisition Manager with participation from all departments.
- Summer Internship Program – Will run from June 5 to July 28 and 12 internships will be offered.

Mr. Bibbs announced that, since 2015, POV has provided 25 internships and hired five interns in a permanent or temporary capacity.

Mr. Bibbs reviewed recruitment (hires) and training metrics and reimbursement costs and participation levels in the college reimbursement program (CY15 – CY17).

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

Mr. Ruddy reported that POV’s 2017 Sustainability Report is scheduled for publication on February 28th in e-book format and that the themes for this years’ report revolve around the Port of Virginia’s environmental, financial, and social stewardship. He announced that the report will be provided at this years’ State of the Port addresses scheduled for April 24th in Norfolk; April 25th in Richmond; and April 26th in Front Royal.

Mr. Ruddy provided an update on POV’s ISO 9001 Quality Management System and ISO 14001 Environmental Management System and he announced that both programs will receive full recertification this spring (triennial requirement). He reported that Richmond Marine Terminal will be included in the 14001 program.

Mr. Ruddy provided an overview of the Port’s efforts to address sea-level rise inside port facilities and outside the terminals. He reported that Norfolk is the second most vulnerable city in the nation next to New Orleans.

Mr. Ruddy presented a brief update on the following projects:

- VIG Phase II
- VIG N4 Conversion
- NIT North Gate – Expected completion date June 2017
- NIT PDS
- NIT Optimization
- Business Intelligence
- IT Business Continuity

Mr. Ruddy reported that all projects are tracking well and that the automatic stacking cranes that have been ordered for the NIT and VIG expansion projects are currently being manufactured. He described the layout of the new NIT North Gate configuration from several aerial slides and indicated areas of land owned by VDOT that could be acquired for future use. Mr. Ruddy reported that Customs Border Patrol (CBP) will be located inside of POV's gate after the construction.

At this time, Chairman Milliken presented Resolution 17-3. At the request of the Chairman, Mr. Ruddy provided an overview of the planned Phase III construction of the Portsmouth Marine Terminal (PMT) marginal wharf project. Mr. Ruddy explained that some vessel services will be moved to PMT while expansion projects are taking place at NIT and VIG, which necessitates a third berth at PMT.

Mr. Ruddy explained that a funding cap of \$6 million is budgeted for the wharf project with funds that were approved in the FY16 budget and financing coming from a 2015 Commonwealth Port Fund debt issuance.

Action: Upon motion by Mr. McCollum, seconded by Mr. McWhorter, the VPA Board adopted Resolution 17-3 (9-0), approval to award a contract for Phase III of the Portsmouth Marine Terminal marginal wharf repairs.

V. Report by Chief Public Affairs Officer – Cathie Vick

Ms. Vick reported that Public Affairs is tracking federal legislation and actively meeting with new Congressional delegation members and leaders in federal agencies as they are brought on line. She announced that Mr. James Dalton, Director of Civil Works ACOE, is scheduled to visit the Port (February 14) for a tour of VIG.

Ms. Vick provided an update on passage of the Water Resources Development Act 2016 (WRDA) that includes an appropriation for harbor maintenance dredging and also retained the donor and energy port function. She reported that Congress also passed a continuing resolution for funding through April which means that funds for the Craney Island extension would have to wait for passage of the full budget.

Ms. Vick advised that the Port has not submitted legislative requests for the 2017 General Assembly. She expressed appreciation to the legislature for their 2016 appropriation for \$350 million in funding for the Port's NIT optimization project. Ms. Vick reported that Mr. Reinhart recently presented to the House Appropriations Committee and the Senate Finance Transportation Sub-Committee to provide updates on the NIT project and she advised POV will continue to provide quarterly updates to House and Senate Appropriations members.

Ms. Vick described how MARCOMM (marketing/communications division) is updating the Port's district info sheets for legislators and she announced that VMA is hosting the annual "Port Day" on February 2nd at the General Assembly that will include attendance by some of our new Port customers.

Ms. Vick provided an update on the Port's expanded Foreign Trade Zone 20 that now includes several counties in northeast North Carolina that was approved by the FMC. She reported MARCOMM and Economic Development hosted a food and beverage media tour recently and reviewed updated economic development announcements and results for CY17.

On the topic of media/advertising, Ms. Vick reported that POV distributed 8,500 copies of its 2016 Annual Report and that the Sustainability Report will be published soon, as mentioned. She said POV received over 200 responses from the Motor Carrier Response Survey and we are working with operations to incorporate that feedback.

Ms. Vick reported that POV's internal colleagues also participated in a survey for Open Channels publication. On earned media, Ms. Vick reported that POV received over \$1 million worth of coverage earned in three months. She mentioned that our largest international story was the Konecranes order and the largest domestic story was the signing of the VIG lease.

Ms. Vick announced that POV has also included advertising on billboards throughout Hampton Roads and the Richmond area.

Ms. Vick described the recent activities by POV's Maritime Incident Response Team (MIRT) that included assistance during the last two major storms (Matthew and Helena) and assistance to the Henrico County fire department on the marina fire at Richmond Yacht Basin Marina. At the request of Mr. Wimbush, Ms. Vick described how MIRT's mobile command unit deploys equipment that is housed at various fire departments throughout the region to assist localities during emergencies.

Ms. Vick reported that MIRT also conducted the first Annual Hampton Roads Cyber Security Symposium.

VI. Report by CEO/Executive Director - John F. Reinhart

Mr. Reinhart expressed appreciation to the Board for their guidance and leadership and he also thanked POV colleagues and remarked that they have done an "amazing job" transforming the Port over the last three years.

Mr. Reinhart recapped CY17 achievements - container and rail volumes, increased market share, historical equipment purchases, and economic development announcements. He informed the Board that he will share all of the successes that were reported today by video stream at the "All Colleagues" briefing tomorrow.

On the recent snow storm, Mr. Reinhart congratulated the operations team on the snow removal work at the terminals which, he said was completed in record-breaking time, compared to the snow storm two years ago.

Mr. Reinhart mentioned POV's second Sustainability Report will soon be published.

He announced that POV is anticipating the arrival of a 13,000 TEU vessel in the spring and preparing for new vessel alliances. Mr. Reinhart remarked, "We are on the way to being the best port in the United States".

In closing, he thanked all POV colleagues for their efforts and accomplishments.

Chairman Milliken announced that he and Mr. Reinhart have been meeting with several editorial boards throughout Virginia and that they will continue to meet with several more to tell the story of Virginia. The Chairman mentioned that one of the subcontractors for POV's crane order is based in Roanoke and that they were very excited to have some of our business. He also encouraged Board members to continue to spread the word about The Port of Virginia to any organization they are involved with whether it be large organizations and businesses or smaller ones.

Mr. McCollum also mentioned *GO Virginia*, and encouraged involvement with that organization.

Chairman Milliken announced that Mr. Reinhart will be presenting the State of the Port (SOTP) in several regions around the Commonwealth and he encouraged Board members to attend the Front Royal presentation planned for the morning of April 26th. He suggested a tour of the Virginia Inland Port facility with possibly a meeting of the Board that day.

VII. Unfinished Business

There was no unfinished business to report.

VIII. New Business

There was no new business to report at this time.

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

Following are the remaining 2017 meeting dates for the VPA Board of Commissioners Public Sessions (9:00 a.m. start time and subject to change):

March 28
May 23
July 25
September 26
November 28

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

There being no further business and no public comments, the meeting adjourned at 10:32 a.m.

Respectfully submitted,



Debra J. McNulty
Secretary to the Board

RESOLUTION 17-1

A RESOLUTION APPROVING THE INCENTIVE COMPENSATION FOR JOHN F. REINHART, CEO/EXECUTIVE DIRECTOR OF THE VIRGINIA PORT AUTHORITY, BASED ON 2016 MANAGEMENT INCENTIVE METRICS

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

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

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

WHEREAS, Mr. Reinhart's Employment Agreement with the Virginia Port Authority provides that the Board of Commissioners may grant Mr. Reinhart additional incentive compensation to a maximum amount of 50% of his then-effective Annual Base Salary, as defined in the Employment Agreement, provided Mr. Reinhart achieves certain performance goals and objectives (metrics) set by the Board; and

WHEREAS, the Board of Commissioners established and approved the Management Incentive Metrics for Calendar Year 2016 for Mr. Reinhart; and

WHEREAS, the Board of Commissioners has determined that Mr. Reinhart has achieved 100 % of his Management Incentive Metrics for Calendar Year 2016; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Virginia Port Authority grants the Chairman of the Board the power to authorize payment of additional incentive compensation in the amount of 100% of 50% of Mr. Reinhart's Annual Base Salary, effective February 10, 2017, as defined in the Employment Agreement.

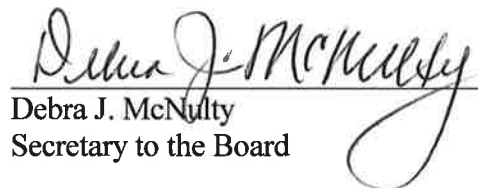
BE IT FURTHER RESOLVED, that the Chairman is authorized to determine the amount of the payment described above that will be contributed to the Supplemental Defined Contribution Plan and Qualified Governmental Excess Benefit Arrangement (referred to as the 415(m) Plan) established pursuant to the Employment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

PASSED AND ADOPTED this 24th day of January, 2017.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Secretary to the Board

RESOLUTION 17-2

**APPROVING AMENDMENTS TO VIRGINIA PORT
AUTHORITY'S ANNUAL BUDGET FOR FISCAL YEAR
ENDING JUNE 30, 2017**

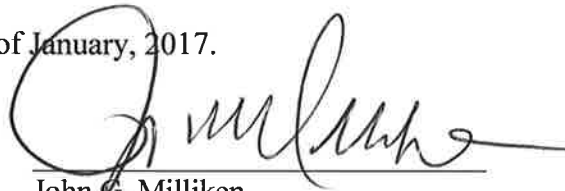
WHEREAS, by Resolution 16-7, adopted by the Board of Commissioners (the "Board") of the Virginia Port Authority (the "Authority") on June 7, 2016, the Board approved the Authority's annual budget for Fiscal Year Ending June 30, 2017; and

WHEREAS, the Chief Financial Officer of the Authority has proposed amendments to the annual budget for the Authority for Fiscal Year Ending June 30, 2017 and has submitted same to the Board of the Authority; and

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

NOW, THEREFORE, BE IT RESOLVED that the Board does hereby approve the amendments to the Authority's annual budget for Fiscal Year Ending June 30, 2017 submitted at this meeting.

PASSED AND ADOPTED this 24th day of January, 2017.



John G. Milliken
Chairman

Attest:



Debra J. McNulty
Secretary to the Board

RESOLUTION 17-3

AUTHORIZING THE VIRGINIA PORT AUTHORITY TO ENTER INTO A CONTRACT TO CONSTRUCT THE MARGINAL WHARF REPAIRS, PHASE III AT PORTSMOUTH MARINE TERMINAL

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

WHEREAS, pursuant to the Act, the Authority is empowered to rent, lease, buy, own, acquire, construct, reconstruct, and dispose of harbors, seaports, port facilities and such property, whether real or personal, as it may find necessary or convenient and issue revenue bonds therefore without pledging the faith and credit of the Commonwealth.; and

WHEREAS, in furtherance of its powers and duty, the Authority intends to make significant capital improvements to the marine terminal known as Portsmouth Marine Terminal (“PMT”), including, but not limited to, sinkhole repairs, concrete deck slab replacement, structural concrete repair, pile repairs and jackets, repair of existing mooring hardware, selective demolition, new crane tie-downs, and new bollards (“Marginal Wharf Repairs Phase III”); and

WHEREAS, the Marginal Wharf Repairs Phase III will rehabilitate approximately 2,400 feet of wharf and will be phased allowing the use of two berths at all times; and

WHEREAS, the Marginal Wharf Repairs Phase III project funds were approved in the FY16 budget with financing coming from a 2015 Commonwealth Port Fund debt issuance – project 17513 (multiple terminals); and

WHEREAS, the Authority issued an Invitation for Bids # 2017-26 entitled “Marginal Wharf Repairs Phase III – Portsmouth Marine Terminal,” for construction of the Marginal Wharf Repairs Phase III (“IFB”); and

WHEREAS, the lowest responsive bid submitted by a responsible bidder with respect to the IFB was within the Authority’s budget established for the work covered by the IFB; and

WHEREAS, the Board has determined that it is appropriate to delegate to the Executive Director the authority to approve the final terms of, and execute and deliver, the contract for the work covered by the IFB (“Contract”) with the responsible bidder submitting the lowest responsive bid.

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

Section 1. Approval of Contracts. The Authority hereby approves the execution and delivery of the Contract for the construction covered by the IFB to the responsible bidder submitting the lowest responsive bid. The Board hereby authorizes the Executive Director to approve the final form and content of, and to execute and deliver, the Contract on behalf of the Authority. The execution of the Contract by the Executive Director shall be conclusive evidence of the Authority's approval of the Contract. The Board hereby authorizes the Executive Director to execute and deliver any ancillary documents which he deems necessary to further the intent of this Resolution.

Section 2. Effective Date. This Resolution shall take effect immediately upon its adoption. The Secretary of the Authority shall file this Resolution with the books and records of the Authority maintained according to Section 3.11 of the Authority's Bylaws.

PASSED AND ADOPTED this 24th day of January 2017.



John G. Milliken
Chairman

ATTEST:



Debra J. McNulty
Secretary to the Board

P&L EFFECT OF THE CAPITAL LEASE (BUDGET):

	"Before"	"After"
	ORIGINAL	REVISED FY17
USD thousands	FY17 BUDGET	BUDGET
	Effect of Lease	Effect of Debt
	\$	\$
Total Operating Revenues	\$ 485,020	\$ 485,020
Operating Expenses:		
Terminal Operations, Maintenance and G&A	372,023	372,023
Facility Rental	61,154	17,767
Depreciation and amortization	49,633	72,891
<i>Total operating expenses</i>	482,810	462,681
<i>Operating income (loss)</i>	2,210	22,339
Non-operating revenues (expenses)		
Interest income	491	491
Interest expense	(18,594)	(87,222)
Bond Issue Costs	(650)	(3,018)
Other (Federal Govt revenue + lease conversion gain)	14,832	28,109
	(3,921)	(61,640)
	(1,711)	(39,301)
Capital Contributions and transfers, net	41,726	41,726
Increase (decrease) in Net Position	40,015	2,425
Net Position - Beginning of Year	471,371	471,371
Net Position - End of Year	\$ 511,386	\$ 473,796

2016 POV Statistics

Calendar Year-to-Date: Jan - Dec 2016

	CY 2015	CY 2016	Change	% Change
Total TEUs	2,549,270	2,655,705	106,435	4.2%
Export TEUs	1,392,212	1,428,962	36,750	2.6%
Import TEUs	1,157,058	1,226,744	69,686	6.0%
Total Containers	1,454,748	1,503,886	49,138	3.4%
General Cargo Tonnage	19,977,708	20,869,313	891,605	4.5%
Container Tonnage	19,681,989	20,664,887	982,898	5.0%
Breakbulk Tonnage	295,719	204,426	(91,293)	-30.9%
Total Rail Containers	484,082	551,496	67,414	13.9%
VIP Containers	37,254	37,726	472	1.3%
Total Barge Containers	47,606	40,344	(7,262)	-15.3%
RMT Containers	14,760	19,602	4,842	32.8%
Total Truck Containers	923,060	912,046	(11,014)	-1.2%
Ship Calls	1,997	1,919	(78)	-3.9%
Vehicle Units	49,473	30,206	(19,267)	-38.9%



THE PORT OF
VIRGINIA

Stewards of Tomorrow